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9 MAY 1988



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# ***JPRS Report***

## **China**

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### **STATE COUNCIL BULLETIN**

No 13,5 Jun; No 14,15 Jun; No 15,26 Jun; No 16,10 Jul; No 17,15 Jul;  
No 18,31 Jul; No 19,10 Aug; No 20,31 Aug; No 21,15 Sep; No 22,30 Sep;  
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**STATE COUNCIL BULLETIN**

No 13, 5 Jun; No 14, 15 Jun; No 15, 26 Jun; No 16, 10 Jul; No 17, 15 Jul; No 18, 31  
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9 MAY 1988

*[Translation of the tables of contents and selected items from ZHONGHUA RENMIN GONGHEGUO  
GUOWUYUAN GONGBAO published in Beijing.]*

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## NOTICE

Effective after this issue, JPRS will no longer publish the CHINA: STATE COUNCIL BULLETIN (CSB) report as a separate series. Instead, material from this bulletin will be published in the CHINA REPORT (CAR) under the division STATE COUNCIL BULLETIN.

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## Provisional Rules on Implementing Procedure for Enactment of Administrative Rules and Regulations

40050172b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 13,  
5 Jun 87 pp 454-457

[Provisional Rules on Procedure for Enactment of Administrative Rules and Regulations (Approved by the State Council on 21 April 1987 and promulgated by the General Office of the State Council on 21 April 1987)]

## [Text] Chapter 1. General Provisions

**Article 1.** To achieve a more scientific and standardized procedure for the enactment of administrative rules and regulations, to enhance efficiency, and ensure the quality of such regulations, the present regulations have been formulated, pursuant to the relevant provisions of the "Constitution of the PRC" and the "Organizational Law of the PRC State Council."

**Article 2.** The term "administrative rules and regulations" is the general designation covering all political, economic, educational, scientific and technical, cultural, and foreign affairs rules and regulations which the State Council enacts, in accordance with the Constitution and law and as determined in the present regulations, in the course of the State Council's exercise of leadership and control in all administrative work throughout the state.

**Article 3.** Administrative rules and regulations are either regulations, provisions, or measures. Very comprehensive and systematic provisions for a certain area of administrative work are called "regulations." Provisions which are to regulate only a part of a certain area of administrative work are called "provisions." Very specific provisions for one item of administrative work are called "measures."

Regulatory enactments of the various departments of the State Council and local people's governments must not be called "regulations."

**Article 4.** The following principles must be observed in the enactment of administrative rules and regulations:

1. They must uphold the four cardinal principles and render service to reform, opening up to the outside world, invigorating the domestic economy, and to socialist modernization.
2. They must conform to the Constitution and law, and conform to the political line, principles, and policies of party and state.
3. They must proceed from actual conditions and shall be practical and realistic.
4. They must implement democratic centralism and fully promote democracy.

## Chapter 2. Planning and Drafting

**Article 5.** In accordance with the various tasks outlined in the 5-year plans for national economic and social development, the Administration of the Legal System under the State Council shall formulate 5-year plans and annual plans to guide enactment of administrative rules and regulations, and submit these plans to the State Council for examination and approval.



Prior to the compilation of 5-year and annual plans, each of the various competent departments in the State Council may put forward suggestions. All of these shall be comprehensively studied and coordinated, transcribed into drafts, and submitted to the State Council.

The Administration of the Legal System under the State Council shall be responsible for the implementation of the said 5-year and annual plans and for supervision of their enforcement. In the course of their enforcement, the Administration of the Legal System under the State Council may effect appropriate adjustments in the plans as developing circumstances require.

**Article 6.** Each of the various departments concerned in the State Council shall be responsible for drafting administrative rules and regulations that need be included in the 5-year and annual plans. In drafting major administrative rules and regulations, the subject of which are closely connected with the business affairs of several other departments, the Administration of the Legal System under the State Council or any other major department shall have to set up a drafting group, to be participated in by the departments concerned.

Drafts of administrative rules and regulations shall be accompanied by detailed rules for their implementation, to be drafted by the State Council or departments concerned. During the drafting of administrative rules and regulations and of detailed rules for their implementation, deliberations shall concern themselves with both at the same time, and both shall be enforced at the same time.

**Article 7.** In general, administrative rules and regulations shall clearly define purpose, scope of application, department in charge, specific norms, rewards and penalties, and the date of their entering into force.

**Article 8.** The text of administrative rules and regulations shall be presented in the form of articles. Each article may have paragraphs, clauses, and items. Paragraphs need not be numbered, but sections and items should be numbered. Long administrative rules and regulations may be subdivided into chapters, and chapters may be subdivided into sections. Each administrative rule or regulation must be tightly structured, clearly organized, accurately worded, and concise in language.

**Article 9.** When drafting administrative rules or regulations, opinions shall be solicited from departments concerned. If provisions concern the affairs for which another department responsible, or which have close relations with the affairs of another department, unanimity shall be achieved through consultations. If unanimity cannot be achieved in spite of ample consultations, this fact must be pointed out when submitting the draft to higher authority, with an explanation of circumstances and reasons.

**Article 10.** In drafting administrative rules and regulations, attention must be paid to have them harmonize and well coordinated with other relevant administrative rules and regulations. If provisions are decided upon that do not conform with other administrative regulations on the same matter, this fact must be particularly pointed out when submitting the draft to higher authority, with an explanation of circumstances and reasons.

**Article 11.** The draft of a new set of administrative rules or regulations must clearly state its relation to existing administrative rules and regulations on the same subject. If the existing regulations are to be replaced by those now drafted, this fact must be stated in the draft, and the old regulations must be declared void.

#### Chapter 3. Examination, Approval, and Promulgation

**Article 12.** The completed draft of a new set of administrative rules or regulations must be submitted by the office which has formulated the draft to the State Council for examination and approval.

A draft of a new set of administrative rules or regulations that is to be submitted to the State Council must be signed by the executive head of the department that has formulated the draft, and must be accompanied by an explanation and all relevant material. If the drafted regulations provide that detailed rules for their implementation shall be formulated by the department concerned, the draft of the rules for implementation shall also be attached.

**Article 13.** Examination of drafts of administrative rules and regulations submitted to the State Council shall be a responsibility of the Administration of the Legal System under the State Council, which shall submit to the State Council a report of its examination.

**Article 14.** The draft of administrative rules or regulations shall be deliberated upon at the regular meetings of the State Council or examined and approved by the premier.

**Article 15.** Administrative rules or regulations passed at a regular meeting of the State Council or examined and approved by the premier shall be promulgated by the State Council, or, with the approval of the State Council, by the department concerned.

#### Chapter 4. Supplementary Provisions

**Article 16.** After promulgation, all administrative rules and regulations shall be published in the PRC STATE COUNCIL BULLETIN. Official translations of administrative rules or regulations into foreign languages shall be examined and approved by the Administration of the Legal System under the State Council.

**Article 17.** If administrative rules and regulations stipulate that detailed rules of implementation shall be formulated by the department concerned, the detailed rules of implementation shall be promulgated at the same time, or a short time after promulgation of the original regulations. The detailed rules of implementation shall come into force on the same day as the original regulations.

**Article 18.** The present regulations shall also apply to the procedure of amending administrative rules and regulations.

**Article 19.** Procedure for preparation of draft laws to be submitted by the State Council for deliberation by the NPC or the Standing Committee of the NPC shall follow the relevant provisions of the present regulations.

**Article 20.** The Administration of the Legal System under the State Council is charged with the interpretation of the present regulations.

**Article 21.** The present regulations shall come into force on the day of their promulgation.

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STATE COUNCIL BULLETIN] in Chinese  
No 14, 15 Jun 87

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State Council Urgent Circular on Improved Management of Safety in Production (8 June 1987) [Not translated]

Agreement Between the Government of the PRC and the Government of the Swiss Confederation on the Mutual Promotion and Protection of Investments (Signed on 12 November 1986 and entered into force on 18 March 1987)

Agreement Between the Government of the PRC and the Government of the Democratic Socialist Republic of Sri Lanka on the Mutual Promotion and Protection of Investments (Signed 13 March 1986 and entered into force on 25 March 1987) [Not translated]

Certain Interim Provisions of the State Education Committee on Handling Overseas Studies Affairs (8 December 1986)

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## PRC, Switzerland Agreement on Promoting, Protecting Investments

40050173b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 14,  
15 Jun 87 pp 487-491

[Agreement Between the Government of the PRC and the Government of the Swiss Confederation on the Mutual Promotion and Protection of Investments (12 November 1986); The Contracting Parties Have Informed Each Other of the Completion of Their Respective Domestic Legal Procedures; This Agreement Has Gone Into Effect on 18 March 1987]

[Text] The Government of the PRC and the Government of the Swiss Confederation, desiring to develop economic cooperation between the two countries and hoping to create favorable conditions for investments by the investors of one contracting party in the territory of the other contracting party, have agreed as follows:

### Article 1. Definitions

For the purpose of this agreement:

1. The term "investing" means all assets permitted as investments in the territory of the contracting party receiving the investment in accordance with its laws effective at the time of receiving the investment, in particular:

(1) Movable and immovable property, and all property rights, such as mortgages, pledges, usufruct, and other similar rights.

(2) Shares, stocks, and other forms of holdings in companies.

(3) Claims to money and any performance under contract having a monetary value.

(4) Copyrights, industrial property rights, know-how, and goodwill.

(5) Concessions, including concessions for prospecting, opening up, and exploiting natural resources.

Changes in the form of the invested asset does not alter its investment nature.

2. The term "investor" refers to:

(1) Natural persons who have nationality of either of the contracting parties.

(2) All economic entities and juridical persons established according to the law of either of the contracting parties with domicile within the territory of the party in question, or economic entities and juridical persons controlled directly or indirectly by nationals of either of the contracting parties or by juridical persons or economic entities established according to the law of either of the contracting parties, with domicile in the territory of the party concerned.

### Article 2. Encouragement To Invest and Admittance of Investments

Each contracting party shall encourage investors of the other party to invest in its territory and shall admit these investments in accordance with the domestic laws of its country.

### Article 3. Protection and Approval of Investments

1. Each contracting party shall protect the legitimate investments in its territory effected by investors of the other party. Income from such investments shall enjoy the same protection as the investment itself.

2. Each contracting party shall in good faith handle applications for approval or licenses which the other party requires for its business operation, promotion, implementation, and labor requirements in connection with its investment.

#### Article 4. Treatment

1. Each party guarantees just and fair treatment within its territory to investors of the other party.
2. Each party will abstain from unfair discriminatory measures against the investments of investors of the other party, or from measures that would obstruct normal activities in the implementation or operations of these investments.
3. Each party guarantees most favored nation treatment within its territory to the investments of the other party.
4. Most favored nation treatment, stipulated in Paragraph 3 of this Article, shall not apply in the case of favorable treatment to investors of a third country on account of its membership or candidacy in a free trade area, customs union, or common market, also not to favorable facilities granted to border trade or in connection with agreements for the prevention of double taxation.

#### Article 5. Observance of Promises

Each party guarantees observance of promises made in respect of investments by investors of the other party.

#### Article 6. Transfers

Each party shall allow investors of the other party to transfer freely and without undue delay any of the following funds, mainly:

1. Profits, interests, and other regular income.
2. Contractual redemption funds.
3. Funds to pay managerial expenses of the investment.
4. Funds to pay for rights mentioned in Article 1, Paragraph 1, Section 1 of this Agreement.
5. Supplemental capital needed to maintain or expand investments.
6. Proceeds resulting from the total or partial sale or liquidation of an investment, including a possible increase in value.

#### Article 7. Expropriations and Compensation

Each of the contracting parties can effect expropriations, nationalizations, divestment of rights, or take similar measures against the investments of investors of the other party in its territory only for reasons of public interest. Such measures, furthermore, must not be of a discriminatory nature, but must be in accordance with law and against compensation. Compensation must be adequate, namely amounting to the value of the investment immediately before the expropriation, nationalization, divestment of rights, or similar measure, or the

value of the investment immediately before the measure shall take effect. The compensation shall be paid without undue delay in freely convertible currency and must be freely transferable between the two contracting parties.

#### Article 8. Investments Predating This Agreement

The present Agreement shall also apply to Swiss investments in the PRC in accordance with the laws of the PRC, and to investments by Chinese investors in the territory of the Swiss Confederation in accordance with Swiss law, if made prior to the present Agreement entering into force.

#### Article 9. Additionally Favorable Treatment

If in the current or future provisions in the laws of one party, or in international agreements signed by one party, more favorable treatment is provided than the present Agreement provides for investors of the other party, the most favorable treatment shall be assumed to apply.

#### Article 10. Subrogation

1. If one party provides financial guarantee for non-commercial risks for investments in the other party's territory and has to pay compensation to the investor, the other party shall acknowledge that the first party, according to the principle of subrogation, is substituted to all right and claims of the investor.
2. However, rights obtained in subrogation must not exceed the original rights of the investor; subrogation must also not adversely affect all rights originally held by the other party against the investor.

#### Article 11. Arbitration Between the Parties

1. Disputes between the two parties regarding the interpretation or execution of provisions of this Agreement shall be resolved through diplomatic channels.
2. If the two parties cannot resolve a dispute through amicable consultations within 6 months, the dispute shall be submitted to an arbitral tribunal at the request of either party.
3. The arbitral tribunal shall be constituted for each case. Each party shall nominate one arbitrator. The two arbitrators shall jointly appoint as chairperson a national of a third country which has diplomatic ties with the contracting parties.
4. If one party will not appoint an arbitrator within 2 months from the date on which its counterpart informed it of its intention to submit the dispute to an arbitral tribunal, or if the two arbitrators cannot agree within 3 months of their appointments on the person of the chairperson, each party may request the president of the World Court of Justice to make the necessary appointments. If the president of the World Court of Justice is of



the same nationality as one of the two parties, or if he cannot function for other reasons, the appointments may be made by the most senior judge of the said court who is not of the same nationality as the two parties.

5. The arbitral tribunal shall reach its decision in accordance with the provisions of this Agreement, other treaties between the two parties, and general principles of international law.

6. The arbitral tribunal shall determine its own procedures.

7. The arbitral tribunal shall reach its decisions by majority vote and shall make a final decision, which shall be binding on both parties. At the request of either party, the arbitral tribunal shall give an explanation of its decision.

8. Each party shall bear the cost of its own arbitrator for exercising his functions. The costs of the chairperson of the arbitral tribunal for exercising his functions and other costs shall be borne in equal parts by both parties.

#### **Article 12. Arbitration Between One of the Parties and the Investor**

1. If a dispute between one of the parties and the investor of the other party cannot be resolved through amicable consultations within 6 months, the investor may submit the following disputes to international arbitration:

(1) Disputes on the amount of compensation in cases mentioned in Article 7.

(2) Other disputes arising from this Agreement which both parties agree to submit to international arbitration.

2. The international arbitral tribunal shall be constituted for each individual case. Unless the parties concerned have made any other agreement, each of the two parties shall nominate one arbitrator within 2 months from the day one party notified the other party in writing of its request for arbitration. The two arbitrators shall jointly agree on a third arbitrator as chairperson of the tribunal; he should be from a third country which has diplomatic ties with the countries of both parties. If one of the above-mentioned arbitrators cannot be appointed during the specified time, the appointment shall be made by the president of the International Court of Justice. If the president of the International Court of Justice is of the nationality of one of the parties, or if he cannot perform the said duty for other reasons, the appointment shall be made by the most senior judge of the said court who is not of the nationality of one of the parties.

3. Each party shall bear the cost of its own arbitrator. The expenses of the chairperson of the arbitral tribunal exercising his duties and his remuneration shall be borne in equal parts by both parties.

4. When deliberating on the provisions of this Agreement, the arbitral tribunal shall determine its procedures according to the "Convention on the Settlement of Investment Disputes between States and Nationals of Other States" dated Washington 18 March 1965.

5. The arbitral tribunal shall reach its decision by majority vote.

#### **Article 13. Attachments**

The attached protocol and exchange of notes shall constitute an integral part of this Agreement.

#### **Article 14. Effective Date, Extension, Termination**

1. This Agreement shall come into force on the day when the contracting parties inform each other in writing of the completion of domestic procedures necessary for the entry into force of this Agreement.

2. This Agreement shall remain in force for the period of 10 years. Should neither party give the other party written notice of termination 12 months before termination of the Agreement, the Agreement shall be automatically extended for another 2 years, and similarly later on.

3. In case the Agreement is terminated, its Articles 1 to 13 shall continue to be in effect for another 10 years in respect of investments made while this Agreement was in force.

This Agreement was signed in Beijing on 12 November 1986. It was made out in two copies, each in Chinese and French, each version being equally authoritative.

For the Government of  
the PRC:  
Zheng Tuobin  
(signed)

For the Government of the  
Swiss Confederation:  
Pierre Aubert  
(signed)

Note addressed to Mr Zheng Tuobin, Minister of Foreign Economic Relations and Trade of the PRC

Your Excellency:

I respectfully refer to the Agreement signed today between the Government of the Swiss Confederation and the Government of the PRC on mutual promotion and protection of investments, and herewith state the following understanding reached by the two contracting parties:

The contracting parties agree that when both parties become party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, dated Washington 18 March 1965, the contracting parties shall begin negotiations to arrive at a



supplementary agreement to facilitate submitting investment disputes to the international center for the settlement of investment disputes, and also on the kinds of arbitration disputes and forms. The supplementary agreement to be in the form of an exchange of notes, which shall constitute integral parts of this Agreement.

I shall be grateful if you will confirm that this note truthfully reflects the agreement reached between the two contracting parties.

May I avail myself of this opportunity to convey to you the assurance of my highest consideration,

For the Government of the Swiss Confederation: Pierre Aubert (signed) Beijing, 12 November 1986.

To Mr Pierre Aubert, Commissioner of the Swiss Confederation:

Your Excellency:

I herewith acknowledge receipt of your letter of today's date, which reads as follows:

"I respectfully refer to the Agreement signed today between the Government of the Swiss Confederation and the Government of the PRC on mutual promotion and protection of investments, and herewith state the following understanding reached by the two contracting parties:

"The contracting parties agree that when both parties become party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, dated Washington 18 March 1965, the contracting parties shall begin negotiations to arrive at a supplementary agreement to facilitate submitting investment disputes to the international center for the settlement of investment disputes, and also on the kinds of arbitration disputes and forms. The supplementary agreement to be in the form of an exchange of notes, which shall constitute integral parts of this Agreement.

"I shall be grateful if you will confirm that this note truthfully reflects the agreement reached between the two contracting parties."

I confirm that your letter accurately reflects the agreement between the two contracting parties.

May I avail myself of this opportunity to convey to you the assurance of my highest consideration,

For the Government of the PRC: Deng Tuobin (signed) Beijing, 12 November 1986.

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### State Education Commission Regulations for Overseas Studies

40050173c Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 14, 15 Jun 87 pp 504-511

[Certain Interim Provisions of the State Education Commission on Handling Overseas Studies Affairs (8 December 1986)]

#### [Text] 1. Principles to Guide Handling Overseas Studies Affairs

(1) Chinese citizens going abroad by various channels and in a variety of methods to study at institutions of higher learning or research organizations in different countries and territories of the world is a matter that constitutes an integral part of China's policy to open up to the outside world. It is an important way to acquire advanced foreign scientific and technological knowledge, experiences in applied economic administration and management, and other elements of civilization, and to enhance the training of China's high-level specialists, as it will also benefit friendship and exchanges between our citizens and those of the various foreign countries. In view of the needs in the development of China's socialist material and spiritual civilization, we must, therefore, continue for a long time to promote overseas studies in a variety of methods and in a planned manner.

(2) All work in connection with overseas studies must proceed from the realities of China's socialist modernizations, and must also be closely coordinated with the needs of domestic development of production, scientific research, and training of qualified personnel, in order to help solve major problems in scientific research and production, and to increase China's own capacity for training highly qualified personnel.

(3) Consistent principle in all work in connection with overseas studies must be to benefit extensively from the strong points that each country has to offer. In choosing study subjects abroad, consideration should be given to basic subjects as well as to applied science, presently placing main emphasis on applied science, while also giving attention to China's need to develop education in vocational skills.

(4) Policies in all work concerned with overseas studies shall be: Students shall be sent overseas in accordance with needs, high quality must be ensured, equal attention must be paid to knowledge and usability, control and education of overseas students must be strengthened, students returning from abroad must be given opportunity to apply what they have learned, and they must be made to play a positive role in the socialist modernizations.

(5) During their studies abroad, students must observe the laws, rules, and regulations of China, as well as the laws of their host countries. They must also respect the customs, habits, and religious beliefs of the peoples among whom they reside.

## 2. Organization and Control of Overseas Studies

(1) The State Education Commission, acting under the leadership of the State Council and in accordance with the state's principles and policies, administers all overseas studies affairs throughout the country. This includes formulating plans and selecting personnel for overseas studies, controlling them overseas, and assigning working places for them after their return. In the case of personnel outside of the educational system being sent abroad to study, planning and work assignment after return shall be the joint responsibility of the State Science and Technology Commission and the State Economic Commission, acting according to unified principles and policies.

(2) Pursuant to the policy of simplifying administrative procedure and delegating authority, the method to be adopted for allocating quotas for public-sponsored personnel sent for studies abroad, apart from the procedure for those centrally controlled by the state, shall be to distribute quotas to the units who employ them, and, after testing the method in experimental units, gradually to arrive at a system of having units take on responsibility for expenses for their own personnel studying abroad and for administering them while abroad.

(3) Units who send personnel overseas for studies shall designate or entrust special organs or individuals to maintain contact with the overseas students and guide their studies abroad, in active coordination with and assistance to overseas embassies and consulates in their administration of overseas studies affairs.

(4) Effective work in connection with overseas studies is one of the major tasks of embassies and consulates abroad. Education offices (groups) sent out by the State Education Commission and attached to overseas embassies or consulates, or cadres designated by the said Commission to be in charge of overseas studies affairs at embassies and consulates, shall be responsible for specific administrative measures, under the guidance of their embassies or consulates, concerning study personnel during their stay abroad.

(5) Education offices (groups) at the overseas embassies and consulates, or cadres in charge of overseas studies affairs, as well as departments and units that have sent personnel to study overseas, shall show solicitude for overseas students and help them resolve difficulties and problems they encounter overseas, help them understand promptly China's development and needs, and shall render them warmhearted assistance.

(6) Organizations such as "students associations" or "friendship associations" organized by overseas students during their studies abroad are mass organizations that serve self-education, self-management, and self-service of overseas students.

(7) Domestic departments in administrative charge of overseas studies affairs, and departments and units that have sent personnel for studies abroad must promptly and effectively arrange work assignments for returning students at posts where they can bring all their potentialities into full play.

## 3. Selection of Public-Sponsored Overseas Students

(1) Public-sponsored overseas students refers to persons sent abroad, in a planned way and by various channels and methods, to pursue studies that meet the needs of national construction, and who are assisted financially, fully or partially, by the state or by certain departments, localities, or units in question.

Persons designated for study abroad in accordance with the unified state plan, recruited from all over the country, uniformly selected, and sent abroad, for whom expenses are paid by a unified method, are state-sponsored overseas students (hereafter "state-sponsored"). Persons designated for study abroad according to plans of departments, localities, or units, and who are recruited, selected, and sent abroad from among people in their own district or unit, and for whom their department, locality, or unit pays expenses, are public-sponsored students, who are either department-sponsored, locality-sponsored, or unit-sponsored (hereafter "unit-sponsored"). They include persons who have obtained various scholarships, student loans, or financial assistance with the approval and support of their own units, and have been included in their overseas studies plans.

(2) All public-sponsored overseas study personnel are either university students, graduate students, persons pursuing advanced studies, or visiting scholars.

(3) Overseas students enrolling in undergraduate studies, specialized courses, or graduate studies at universities shall generally have their study time abroad determined by the unit that sends them abroad, with due regard for the instructional system of the host country. The study time abroad for persons pursuing advanced studies and for visiting scholars shall generally be from 3 months to 1 year, according to the actual needs of the subjects of their studies or research, in special cases up to 1 1/2 year, always determined by the unit that sent them abroad according to their plan for sending personnel abroad.

(4) Units sending personnel abroad for studies shall assist and guide the public-sponsored students in the selection of foreign institutions for their studies, advanced studies, field work, or research. These institutions must be distinguished by very high standards of quality or specialization.

(5) Qualifications of Public-Sponsored Overseas Students:

1) Political Qualifications

They must have a deep love for their motherland and for socialism, be of excellent ideological and moral qualities, they must have performed outstandingly in actual work and study, and must be eager to render service to the socialist modernizations.

2) Professional Qualifications

Students going to universities abroad must be graduates from senior middle schools with excellent marks. Students going abroad for graduate studies must be of university-graduate or higher qualification, having done excellent work and must have had a number of years of practical work before leaving the country, as prescribed for their particular branch of learning. Persons going abroad for advanced studies or as visiting scholars must be key personnel in education, scientific research, or production, of university-graduate or higher qualification, and must have been engaged in their specialties for 5 or more years (less in case of particularly outstanding persons, or where there is a special requirement at their place of work) in institutions of higher learning, scientific research units, or industrial or mining enterprises, or persons who after obtaining a master's degree have worked in their specialty for 2 or more years, or who have worked in vocational technical education for 2 or more years. The age limit for persons going abroad for advanced studies or as visiting scholars shall be determined with due consideration for the different kinds of studies to be pursued abroad, but should generally not be over 50 years. The age limit may be appropriately extended for assistant professors and assistant research fellows going abroad for short periods (3 to 6 months).

3) Foreign Language Qualifications

All personnel going abroad for studies must master the spoken and written language of their respective host country, be fairly proficient in utilizing reading material in the foreign language in their line of specialization, and have a certain ability to understand, speak, and write in the foreign language, so that after a short time of further training they will be able to use the foreign language in technical discussions on the subjects of their study. University students and graduate students must be able to follow lectures.

4) Physical Qualifications

The health of public-sponsored students going abroad must conform to the standards prescribed for overseas studies; they must obtain hospital certificates of good health (the certificate to be of 1-year validity) from first-ranking provincial or municipal hospitals.

(6) Selection of Public-Sponsored Overseas Students

1) Determination of quotas for state-sponsored personnel to be sent for study abroad, their various types, ratio of students per host countries, ratio of students per study subjects, and the actual selection of students shall be arranged by the State Education Commission. For public-sponsored students sent for overseas studies by departments, localities, and units, determination of quotas, types, ratio per host countries, ratio of students per study subjects, and the actual selection of students shall be arranged by the departments, localities, and units with due regard for the overall guiding principle of the State Education Commission and for the actual needs of the various units; a report will have to be submitted through channels to the State Education Commission.

2) Public-sponsored persons going abroad to pursue advanced research or as visiting scholars shall be selected by allowing their units to submit recommendations, which shall be evaluated (checked and assessed) by their academic organization or technical department, then examined and verified by the personnel department, and approved by the leadership.

3) Public-sponsored university students and graduate students going abroad shall be selected by examinations as well as by a comprehensive check and assessment of their moral character, knowledge, and health.

(7) Signing "Overseas Studies Agreements"

1) Before starting on the procedure for going abroad, public-sponsored students shall sign an "overseas studies agreement" with the unit that sends them overseas. The overseas studies agreement shall become effective after signature by both the unit and the student, and due notarization by a public notary.

2) The state and the unit concerned shall stipulate in the overseas studies agreement, purpose and substance of study, its time limit, and the demand to return for service, as demanded of the public-sponsored overseas student, also provisions regarding payment of expenses, and regarding all mutual rights, obligations, and responsibilities as between the unit concerned and the overseas student.

(8) Pre-Departure Preparations and Concentrated Studies by all Public-Sponsored Students Going Abroad

Every unit that sends public-sponsored students abroad shall arrange before their departure short-term concentrated study courses in a variety of effective ways to assist the students going abroad to get mentally well prepared. The main subjects of such concentrated studies are to be: principles and policies of work in the field of external relations, rules and regulations applying to overseas students, discipline in foreign affairs, acquainting them with conditions in the host countries and with anything else of relevance.



(9) Method of Dealing with Salaries, Seniority, and Expenses of Public Sponsored Overseas Students

1) During the period approved for their overseas stay, persons pursuing advanced research or visiting scholars will have their domestic salaries paid as usual by their units and their seniority computed in China. Candidates for overseas doctoral degrees will, after obtaining the degrees, have their seniority computed also in consideration of the time approved for their obtaining the doctoral degree. Domestic salaries of staff who proceed abroad to study for academic degrees will be paid during their time of studies according to relevant provisions for domestic staff of the same grade.

2) For state-sponsored overseas students, payment of outfitting expenses, travel expenses, overseas tuition and living expenses during their studies abroad, and international travel expenses for graduate students and university students returning to China on vacation are to be handled according unified state regulations.

3) For unit-sponsored overseas students, outfitting expenses, travel expenses, tuition and living expenses during their studies abroad, and travel expenses for graduate students and university students returning to China on vacations shall be handled by the departments, localities, and units which had sent them abroad, with reference to the unified regulations of the state combined with relevant provisions determined by the sending units on the basis of their specific conditions.

(10) Public-sponsored overseas students shall study hard according to plan and in due time return to China to render services. During the period of their studies and on conclusion of their studies they must not in general change their status as students. If an extension becomes necessary, application must be made ahead of time for examination and approval of the original unit that had sent the student in question. In case the original unit was paying salary, it shall continue to pay domestic salary as before during the extended period. For those who exceed their time limit and do not return without prior approval, payment of their salaries shall be stopped, but their positions shall be kept open for them for 1 year. Whether the position shall be held open after 1 year, shall be decided by the sending unit depending on the particular circumstances of the case.

(11) The State Education Commission is charged with the administration of expenses for state-sponsored overseas students and also with the guidance of departments, localities, and units as to provisions and administration of expenses for their public-sponsored overseas students. The specific handling of expenses abroad for state-sponsored overseas students is a responsibility of education offices (groups) attached to overseas embassies and consulates, or handled on their behalf by the financial departments of embassies and consulates.

4. Post-Doctoral Research and Studies Abroad

(1) Applicants for post-doctoral research or studies abroad must pursue research or studies which will benefit China's scientific and technological development.

(2) Persons intending to pursue post-doctoral research abroad are of the following two types: One kind are persons who have already obtained doctoral degrees, are employed in China, and now apply for post-doctoral research abroad, and the other kind are former graduate students who have obtained doctoral degrees abroad and apply for direct continuation in post-doctoral research abroad.

Field work abroad refers to Chinese graduate students who have obtained masters or doctoral degrees abroad and without changing their overseas student status accept short-term employment in companies or enterprises.

(3) Measures for the Examination and Approval of Applications from Personnel Employed in China For Post-Doctoral Research or Field Work Abroad:

1) The applicant shall apply to the unit of his present employment, reporting and explaining the reasons for his post-doctoral research or field work, its subject and the time required.

2) The unit of his employment shall arrange for specialists and professors to give an assessment and express opinions as to the proper orientation of the post-doctoral research stated by the applicant or as to the professional scope of the field work intended. After approval by the leadership of the said unit, the application shall be sent through channels to the ministry, commission, or department in charge in the province, autonomous region, or centrally administered municipality to complete the procedure of examining and approving the departure for overseas.

3) Payment of expenses for travelling abroad for post-doctoral research or field work is in general an issue to be dealt with by the sending unit.

4) In case of approval, domestic salary will be paid as before during the time of pursuing post-doctoral research or field work abroad.

(4) Measures for the Examination and Approval of Applications by Former Graduate Students Who After Obtaining Doctoral Degree Abroad Intend To Directly Continue Post-Doctoral Research or Field Work Abroad:

1) The applicant shall apply in advance to the sending unit in China and to the embassy or consulate abroad, reporting the reasons for his post-doctoral research or field work, its subject and the time required.

2) On receipt of the application, the sending unit in China shall arrange for relevant specialists and professors to assess and give opinions on the intended work within 3 months, and after approval by the leadership of the unit in question shall inform the applicant through the competent embassy or consulate. If no reply is received from the sending unit within 3 months, the embassy or consulate may examine the case and give its approval.

3) Having confirmed arrangements with the overseas unit where he will do his post-doctoral research or field work and having received its contract, the applicant shall report to his sending unit in China, also to the embassy or consulate abroad, the general direction of his post-doctoral research or the extent of field work, also the name of the overseas unit and the time required. If the subject of his research or extent of field work does not conform with what had been approved on his original application, he should submit a completely new application for renewed examination and approval.

4) All expenses required for post-doctoral research or field work abroad, including expenses for his return to China on conclusion of his post-doctoral research or field work, must be taken care of by the person in question himself.

(5) After a graduate student obtains a doctoral degree abroad and requests moving to a third country to pursue post-doctoral research or field work, he should in general be asked to return to China first for a period of work, and then reapply. If he must directly move to a third country due to special needs, he must submit half a year in advance an application through channels to the competent ministry, commission, or to the departments in charge in the province, autonomous region, or centrally administered municipality in question for approval.

(6) The time limit for post-doctoral research or field work abroad shall in general be 1 to 1 1/2 year.

##### **5. Return to China on Vacation of Public-Sponsored Overseas Students and Spouses Going Abroad for Family Reunions**

(1) Return trips of public-sponsored overseas students to China on vacation and trips abroad by spouses for family reunions shall be measures that will help the overseas student understand development and needs of national construction, that will be beneficial to a reasonable measure to study and livelihood of the overseas student, and that will also be allowed with due consideration for the need for orderly work performance at the Chinese units involved.

(2) If 3 or more years had been stipulated as overseas study period for public-sponsored university students and for graduate students studying for doctoral degrees, they may return to China on vacation at public expense

once after 2 years abroad (graduate students studying for doctoral degrees must by then have obtained qualification for the doctoral program).

(3) A student who intends to return on vacation to China at public expense must apply according to regulations to the embassy or consulate abroad and must return to China by the prescribed route.

(4) Public-sponsored university students or graduate students who intend to return to China on vacation or for family reunions at their own expense, may do so provided that such trips will not adversely affect their studies, and only after obtaining approval from the resident embassy or consulate.

(5) Public-sponsored university students or graduate students who return to China on vacation or for family reunion at public expense or at their own expense during the time when they are financially supported abroad by the state or by their unit, will cease to be paid their overseas expenses. Living expenses in China shall be paid by the sending unit according to unified state regulations, on verification by the Chinese resident embassy or consulate.

(6) The length of vacations on return to China taken by public-sponsored university students and graduate students shall be determined by the length of vacations at the universities in the foreign country concerned.

(7) Applications by spouses in China for travel abroad at their own expense for family reunion, in cases where public-sponsored graduate overseas students will have to stay abroad for long periods of time, shall be handled in accordance with the "Law on PRC Citizens Entering or Leaving the Country." If the spouse of an overseas graduate student is employed, he or she must, according to regulations, apply to his or her unit for leave for family reunion. After approval by the unit, the leave allowed for travel abroad for family reunion is generally 3 months, and shall at most not exceed 6 months. During the first 3 months, salary in China shall be paid as usual, but from the 4th month on, payment of salary shall be stopped, but the position shall be held open. Whether the position shall be held open after the 7th month shall be determined by the unit in question according to the particular circumstances of the case.

If during the period of family reunion, the spouse of a graduate student applies for permission to study abroad on having obtained a scholarship or a subsidy, and also obtained approval during her vacation time from her Chinese work unit, he or she may, according to regulations, complete the necessary procedure to become a public-sponsored or self-financed overseas student.

(8) Vacations abroad for purposed of family reunion shall generally be denied to a spouse of a public-sponsored overseas student if he or she is among this year's



graduating students at an institution of higher learning or a graduate student at school, so as not to adversely affect academic careers and research projects.

(9) Public-sponsored persons pursuing advanced studies abroad or visiting scholars whose stay abroad will be comparatively short, shall, according to regulations, be denied the privilege of returning home on vacation. Their spouses in China, if in employment, shall also in general not allowed leave of absence to go abroad for family reunion.

#### 6. Self-Financed Study Abroad

(1) Going abroad for study at one's own expenses is one way in which talents may be nurtured for national construction, and as such deserves our support. We must treat self-financed overseas students in the same way that we treat public-sponsored overseas students. In political respects, we must treat them without discrimination, we must show solicitude for them and must care for them, encourage them to accomplish their studies speedily and return to China so as to render service to the socialist modernizations of the motherland.

(2) The term "self-financed overseas students" refers to Chinese citizens who can show reliable evidence that they will receive financial assistance from relatives or friends residing in a foreign country or in the territories of Hong Kong, Macao, or Taiwan, or that they will use their own, their family's, or friend's foreign exchange funds in China to go abroad to study or take refresher courses at an institution of higher learning or research institute.

(3) Personnel not presently employed, students at institutions of higher learning not in this year's graduating classes, and overseas Chinese who have returned to China and their relatives, overseas Chinese with residence overseas, compatriots in Hong Kong, Macao, and Taiwan and relatives of foreigners of Chinese descent, to whom the provisions of Paragraph 2 apply, and who have obtained admission from a foreign school and affidavits of support, may all apply to go abroad as self-financed overseas students.

(4) In order to ensure orderly operations at Chinese institutions of higher learning and scientific research institutes, requests by their currently working staff and workers for leave of absence to go abroad as self-financed students must have approval in advance from the units involved.

Students in this year's graduating classes who have already been listed in the state's work assignment plans must follow the assignment plan and serve the state.

During their period of study, graduate students at school in China shall make every effort to finish their studies or research plan true to their status as students, and in general must not be permitted to interrupt their studies to go abroad as self-financed students.

(5) Key specialists or key technical personnel, including assistant research fellows, instructors, engineers, physicians-in-charge, and personnel above these ranks, post-graduate students, and outstanding key figures in literature, outstanding sportspersons, key staff in government organs, and talents with special skills, when applying to go abroad as self-financed students must as far as possible be included within the scope of public-financed overseas study activities. Administration of their affairs during the period of their overseas study, and treatment of their affairs in China, shall be handled in the same manner as applicable to public-sponsored overseas students.

(6) Students at school in institutions of higher learning approved to go abroad as self-financed overseas students may maintain their original student status for 1 year. Employed personnel approved for self-financed study abroad will have their salary payments stopped from the month following the one in which they leave the country; their posts will be kept open for them for 1 year.

(7) Persons who had gone abroad as self-financed students and who have returned to China to work will maintain the seniority they had before leaving the country, computed together with any period of time they will work after return to China. Those who have come back to resume work after obtaining a doctoral degree abroad will have the time spent abroad to study for the doctoral degree considered as seniority earned in China, and the method of computing their seniority shall be the same as for public-sponsored overseas students.

(8) Before self-financed students leave for overseas studies, their unit and the educational departments in charge at the ministries, commissions, provinces, autonomous districts, and centrally administered municipalities involved shall inform them of regulations concerning overseas studies and on domestic and overseas conditions of relevance, and guide them in their arrangement for overseas studies.

(9) Self-financed overseas students shall report to the resident embassy or consulate and keep in touch with them. The resident embassy or consulate, also the relevant departments in China, must of their own accord keep contact with self-financed overseas students, protect their legitimate rights and interests, encourage them to study hard and show solicitude for their livelihood and studies overseas.

(10) Self-financed overseas students who return to China after completion of their studies and who have obtained a bachelor or higher degree, shall have their international travel expenses for the return journey paid by the state or

by the unit that will employ them. The employing unit shall pay them a subsidy as a partial settling-in allowance in China, according to the particular circumstances of the case.

(11) Self-financed postgraduate students, self-financed graduates from undergraduate and graduate courses of universities who intend to request state work assignments, should register with the resident Chinese embassy or consulate half a year before graduating, and the State

Education Commission shall be responsible for necessary arrangements and work assignments, or they may register after return to China with the State Education Commission, when they shall be treated as to work assignment and salaries according to the provisions for public-sponsored overseas students of the same rank.

Should provisions of previously promulgated regulations on overseas study affairs be in conflict with the present regulations, the present regulations shall prevail.

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*Beijing ZHONGHUA RENMIN GONGHEGUO  
GUOWUYUAN GONGBAO [PRC STATE COUNCIL  
BULLETIN] in Chinese No 15, 26 Jun 87*

[Text] PRC Presidential Decree No 53 (23 June 1987)  
[Not translated]

PRC Technology Contract Law (Adopted at the 21st  
Session of the 6th NPC Standing Committee on 23 June  
1987) [Not translated]

State Council Proposal Requesting Deliberation on the  
"PRC Technology Contract Law (Draft)" (12 December  
1986) [Not translated]

NPC Standing Committee Decision on the Serious For-  
est Fire in Daxinganling (Adopted on 23 June 1987) [Not  
translated]

Report on the Handling of the Serious Forest Fire in  
Daxinganling (Delivered on 16 June 1987 by Chen  
Junsheng, Secretary General of the State Council) [Text:  
FBIS-CHI-87-118 19 Jun 87 p K 16]

PRC Presidential Decree No 55 (23 June 1987) [Not  
translated]

NPC Standing Committee Decision on Dismissing Yang  
Zhong as Minister of Forestry (Adopted on 23 June  
1987) [Not translated]

Proposal Requesting the Dismissal of Yang Zhong as  
Minister of Forestry (6 June 1987) [Not translated]

State Council Decision on Dismissing Comrade Dong  
Zhiyong as Vice Minister of Forestry (23 June 1987)  
[Not translated]

PRC Presidential Decree No 56 (23 June 1987) [Not  
translated]

NPC Standing Committee Decision on Approving the  
State Accounts for 1986 (Adopted 23 June 1987) [Not  
translated]

Report on the State Accounts for 1986 (Delivered by  
Tian Yinong, Vice Minister of Finance, at the 21st  
Session of the 6th NPC Standing Committee on 16 June  
1987) [Summary: FBIS-CHI-87-117 18 Jun 87 p K 1]

State Council Appointments, Dismissals (16 May,  
8 June 1987) [Text: FBIS-CHI-87-121 24 Jun 87 p K 2]

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40050174a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 16,  
10 Jul 87

[Text] Decree of the President of the People's Republic  
of China No 54

NPC Standing Committee Resolution Approving the  
"Joint Declaration by the Government of the PRC and  
the Government of the Portuguese Republic on the Issue  
of Macao" (23 June 1987) [Not translated]

Resolution of the Fifth Session of the Sixth NPC on  
Authorizing the NPC Standing Committee to Examine  
and Approve the "Joint Declaration by the Government  
of the PRC and the Government of the Portuguese  
Republic on the Issue of Macao" (11 April 1987) [Not  
translated]

State Council Request for Examination and Approval of  
the "Joint Declaration by the Government of the PRC  
and the Government of the Portuguese Republic on the  
Issue of Macao" (3 June 1987) [Not translated]

Joint Declaration by the Government of the PRC and  
the Government of the Portuguese Republic on the Issue  
of Macao (13 April 1987)

Annex 1: Specific Explanation of the PRC Government's  
Fundamental Policy Toward Macao

Annex 2: Arrangements for the Transitional Period

Memoranda Exchanged Between the Two Parties: Mem-  
orandum by the Chinese Side, Memorandum by the  
Portuguese Side

Resolution by the NPC Standing Committee on the  
Exercise of Criminal Jurisdiction Regarding Crimes  
Defined in International Treaties Which the PRC Has  
Concluded or Joined (23 June 1987)

State Council Request To Adopt the "Resolution on the  
Exercise of Criminal Jurisdiction Regarding Crimes  
Stipulated in International Treaties Which the PRC Has  
Concluded or Is Participating in (6 June 1987)

Appendix: Relevant Articles in Several Treaties [Not  
translated]

PRC Regulations Governing the Administrative Control  
of Waterway Transportation (12 May 1987)

Regulations Governing Quality Control of Products of  
the War Industry (5 June 1987) [Not translated]

State Council Appointments, Removals (14 May 1987)

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**PRC Presidential Decree No 54**

40050174b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 16,  
10 Jul 87 p 547

[Decree of the President of the People's Republic of  
China No 54]

[Text] Pursuant to the decision of the Standing Com-  
mittee of the 6th NPC of the PRC at its 21st Session,  
approving the "Joint Declaration by the Government of  
the PRC and the Government of the Portuguese Repub-  
lic on the Issue of Macao," the "Joint Declaration by the  
Government of the PRC and the Government of the  
Portuguese Republic on the Question of Macao,"  
together with Annex 1: "Specific Explanation of the PRC  
Government on its Fundamental Policy Toward  
Macao," and Annex 2: "Arrangements for the Transi-  
tional Period," signed on 13 April 1987 by Premier Zhao  
Ziyang for the Chinese Government, are approved.

Li Xiannian, president of the PRC  
23 June 1987

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**PRC-Portuguese Joint Declaration on Macao**

40050174c Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 16,  
10 Jul 87 pp 549-551

[Text] The Government of the PRC and the Govern-  
ment of the Portuguese Republic have reviewed with  
satisfaction the development of friendly relations  
between our two governments and peoples since the  
establishment of diplomatic relations, and are agreed  
that the settlement now negotiated between our two  
governments of the Macao issue, which had been left  
over from history, is beneficial for the economic devel-  
opment and social stability of Macao, and will further  
strengthen the friendly relations of mutual cooperation  
between our two countries. To this end, we have agreed,  
after negotiations between our two government delega-  
tions, to issue the following Joint Declaration:

1. The Government of the PRC and the Government of  
the Portuguese Republic declare: The area of Macao  
(which includes the Macao Peninsula, Taipa Island, and  
Coloane Island, hereafter "Macao") is Chinese territory,  
and the PRC Government will resume sovereign rights  
over the area on 20 December 1999.

2. The Government of the PRC declares that the PRC  
will carry out the following fundamental policies toward  
Macao, based on the "one country, two systems" prin-  
ciple:

(1) On resuming sovereignty over Macao, the PRC will establish the PRC Macao Special Administrative Zone, pursuant to Article 31 of the PRC Constitution.

(2) The Macao Special Administrative Zone will be directly administered by the Central People's Government of the PRC, and shall enjoy a high degree of autonomy, except in foreign affairs and defense affairs which will be administered by the Central People's Government. The Macao Special Administrative Zone shall enjoy administrative autonomy, legislative autonomy, independence of its judiciary, and the authority for final adjudication.

(3) The government of the Macao Special Administrative Zone and its legislative organ shall be constituted from among the local population. The chief executive shall be nominated by elections or negotiations in Macao, and shall be appointed by the Central People's Government. Higher echelon officials shall be nominated by the chief executive and submitted to the Central People's Government for appointment. Chinese and Portuguese nationals, as well as other nationals, formerly serving in Macao government positions, may continue as public officials (including members of the police force). The Macao Special Administrative Zone may appoint or engage Portuguese or other nationals to fill various official positions.

(4) Macao's present social and economic system shall remain unchanged; there shall be no change in life style, and no fundamental changes in its laws. The Macao Special Administrative Zone shall guarantee under law the following rights and freedoms to all its citizens and other persons in Macao: personal freedom, freedom of speech, publication, assembly, association, travel and movement of residence, freedom of strike, to select one's vocation or profession, freedom of academic research, religious belief, correspondence, as well as the right to own property.

(5) The Macao Special Administrative Zone shall determine its own cultural, educational, and Science and Technology policies and according to law protect all cultural objects.

Government organs, legislative organs, and law courts may still use the Portuguese language in addition to Chinese.

(6) The Macao Special Administrative Zone may establish mutually beneficial relations with Portugal and any other country. The economic rights and interests of Portugal and all other countries in Macao will be given care and consideration. The rights and interests of Macao residents of Portuguese descent will be protected according to law.

(7) Under the name "Chinese Macao," the Macao Special Administrative Zone may independently maintain and develop economic and cultural relations and conclude relevant agreements with any country, territory, or relevant international organization.

The government of the Macao Special Administrative Zone shall be free to sign or issue its own travel documents for entry into or exit from Macao.

(8) The Macao Special Administrative Zone shall continue to conduct economic activities as a free port and independent customs zone. Capital may freely be brought in or withdrawn. The currency originally circulating in Macao may continue to circulate and shall be freely convertible.

(9) The Macao Special Administrative Zone shall maintain financial independence. The Central Peoples' Government shall not levy taxes in the Macao Special Administrative Zone.

(10) The government of the Macao Special Administrative Zone shall be responsible for the maintenance of public security in society in the Macao Special Administrative Zone.

(11) In addition to flying the national flag of the PRC and displaying the national emblem of the PRC, the Macao Special Administrative Zone may use its regional flag and regional emblem.

(12) The above-stated fundamental policies and the specific explanation given in Annex 1 of the present Joint Declaration will be affirmed by the NPC of the PRC in the form of a basic law of the PRC's Macao Special Administrative Zone, which shall remain unchanged for the next 50 years.

3. The Government of the PRC and the Government of the Portuguese Republic declare: During the transitional period from the day the present Joint Declaration shall enter into force until 19 December 1999, the Government of the Portuguese Republic is responsible for the administration of Macao. The Government of the Portuguese Republic will continue to promote Macao's economic progress and social stability. The Government of the PRC will cooperate in this respect.

4. The Government of the PRC and the Government of the Portuguese Republic declare: To ensure implementation of the present Joint Declaration and to create appropriate conditions for the transfer of sovereignty in 1999, a Sino-Portuguese Joint Liaison Group shall be set up on the day on which this Joint Declaration shall come into effect. The establishment and functions of the Joint Liaison Group are set forth in Annex 2 to the present Joint Declaration.



5. The Government of the PRC and the Government of the Portuguese Republic declare: The question of Macao's land deeds and other related issues will be dealt with in accordance with the relevant provisions in the annexes of this Joint Declaration.

6. The Government of the PRC and the Government of the Portuguese Republic agree that all above statements and the annexes, which shall form integral parts of the present Joint Declaration, shall all be implemented.

7. The present Joint Declaration and its annexes shall come into force on the day on which documents of ratification shall be exchanged. The documents of ratification shall be exchanged in Beijing. The present Joint Declaration and its annexes shall be equally binding.

Signed in Beijing on 13 April 1987, made out in two copies, each copy in Chinese and Portuguese, each version to be of equal validity.

For the Government of the  
PRC:  
Zhao Ziyang  
(signed)

For the Government of the  
Portuguese Republic:  
Cavaco Silva  
(signed)

#### Annex 1:

#### Specific Explanation of the PRC Government's Fundamental Policies Toward Macao

The following is a specific explanation of the PRC Government's fundamental policy toward Macao, as referred to in Article 2 of the Joint Declaration by the Government of the PRC and by the Government of the Portuguese Republic:

1. Article 31 of the Constitution of the PRC states: "If necessary, the state may establish special administrative zones. The institutional system within the special administrative zones shall be determined by the NPC according to the specific conditions of the case." Based on this provision, the PRC shall, at the time of recovering sovereignty over Macao on 20 December 1999, establish a PRC Macao Special Administrative Zone. The NPC of the PRC will formulate and promulgate a PRC Macao Special Administrative Zone basic law (hereafter "basic law"), according to the provisions of the PRC Constitution, and will determine that, on being constituted, the Macao Special Administrative Zone will not institute the institutional system and policies of socialism, but will maintain the present social and economic system and lifestyle, to remain unchanged for 50 years.

The Macao Special Administrative Zone shall be directly administered by the Central People's Government of the PRC and shall enjoy a high degree of autonomy, except in foreign affairs and defense affairs, which shall be administered by the Central People's Government. The

Macao Special Administrative Zone shall enjoy administrative authority, legislative authority, independence of its judiciary, and the authority of final adjudication. The Central People's Government shall authorize the Macao Special Administrative Zone to handle by itself the various matters listed in Article 8 of the present Annex, relating to foreign relations.

2. Administrative authority for the Macao Special Administrative Zone shall rest with the government of the Macao Special Administrative Zone. The government of the Macao Special Administrative Zone shall be organized by the people of Macao. The chief executive of the Macao Special Administrative Zone shall be nominated by elections or negotiations in Macao and appointed by the Central People's Government. Major officials (such as those of former "counselor" rank, chief procurators, and personnel in responsible positions in the police departments) shall be nominated by the chief executive of the Macao Special Administrative Zone and submitted to the Central People's Government for appointment.

The administrative organs must obey the law and be responsible to the legislative organ.

3. Legislative powers for the Macao Special Administrative Zone shall rest with the legislative organ of the Macao Special Administrative Zone. The legislative organ of the Macao Special Administrative Zone shall be organized from among the people of Macao, and most of its members shall be generated by elections.

After establishment of the Macao Special Administrative Zone, all former laws, decrees, administrative rules and regulations, and other normative documents shall retain validity, excepting those that shall conflict with the "basic law" or that shall be amended by the legislative organ of the Macao Special Administrative Zone.

The legislative organ of the Macao Special Administrative Zone may formulate laws in accordance with the "basic law" and in accordance with legally prescribed procedure. Such laws are to be reported to the Standing Committee of the NPC for their record. All laws enacted by the legislative organ of the Macao Special Administrative Zone shall be valid as long as they conform with the "basic law" and legally prescribed procedure.

The legal system of the Macao Special Administrative Zone shall consist of the "basic law," the above-mentioned original laws, and the laws enacted by the legislative organ of the Macao Special Administrative Zone.

4. Judicial authority of the Macao Special Administrative Zone shall rest with the law courts of the Macao Special Administrative Zone, and the authority for final adjudication shall rest with the law court of last instance of the Macao Special Administrative Zone. The law

courts shall perform their judicial tasks independently, without interference from anyone, merely following the law. Judges shall enjoy appropriate immunity in the exercise of their duties.

Judges at the law courts of the Macao Special Administrative Zone shall be nominated by an independent commission organized from among the local judges, lawyers, and socially prominent citizens for appointment by the chief executive. Criterion for the selection of judges shall be their professional qualifications; persons of foreign nationality who qualify may also be employed. Judges can only be dismissed by the chief executive if they are physically unable to perform their duties or for acts incompatible with their duties, and only on the recommendation of a review commission of at least three local judges appointed by the court of final instance. The dismissal of judges of the court of final instance can be decreed by the chief executive only on the recommendation of a review commission composed of members of the Macao Special Administrative Zone legislative organ. Appointments and removals of judges of the court of final instance shall be reported to the Standing Committee of the NPC for their record.

The procuratorial organs of the Macao Special Administrative Zone shall be independent in the performance of duties assigned to them by law, and shall not suffer interference by anyone.

The system of appointment and dismissal of auxiliary judicial staff formerly practiced in Macao shall be maintained.

The government of the Macao Special Administrative Zone may enact provisions governing local lawyers and lawyers from outside of Macao as to the practice of their profession, in accordance with previously prevailing practices in Macao.

The Central People's Government shall assist and authorize the government of the Macao Special Administrative Zone to conclude appropriate arrangements with foreign countries for mutual judicial assistance.

5. The Macao Special Administrative Zone shall guarantee under law the various rights and freedoms previously provided for in the legal provisions of Macao for residents and other persons in Macao, including personal freedom, freedom of speech, publication, assembly, demonstration, association (e.g. organizing and participating in mass organizations), freedom to organize and join labor unions, travel and moving of domicile, selecting a profession or work, freedom to strike, freedom of religious belief and faith, and of education and academic research. Residences and correspondence shall not be encroached upon, and everyone shall have the right to take recourse to law and law courts. There shall be private ownership rights and enterprise ownership rights as well as the rights to transfer and inherit property, and the right to demand appropriate compensation without

undue delay for property requisitioned according to law. There shall be freedom to marry, to establish a household, and to bear children as wanted.

All residents and all other people in the Macao Special Administrative Zone shall be equal before the law, and there shall be no discrimination because of nationality, lineage, sex, race, language, religion, political or ideological belief, level of general education, economic or social conditions.

The Macao Special Administrative Zone shall protect the rights and interests of Macao residents of Portuguese descent and shall respect their customs and cultural traditions.

Religious organizations and followers of a religion may continue their activities and practices within the sphere prescribed by their religious rules and the law, and may maintain ties with religious organizations or followers of a religion outside of Macao. Schools, hospitals, and charitable organizations belonging to religious organizations shall be permitted to operate as before. The relationship of religious organizations in the Macao Special Administrative Zone with religious organizations in other parts of the PRC shall on principle be one of mutual independence, mutual noninterference, and mutual respect.

6. After the establishment of the Macao Special Administrative Zone, government officials (including police personnel) formerly employed by Macao, be they of Chinese, Portuguese, or of other nationality, may all be retained at their posts; their salaries, allowances, and welfare treatment shall not be below original standards. On retirement after establishment of the Macao Special Administrative Zone, any official of the mentioned kind shall be entitled to a retirement allowance and pension according to present regulations and at rates not lower than those now in force.

The Macao Special Administrative Zone may employ in government posts (excepting certain major positions) Portuguese nationals, or nationals of other countries, or those holding Macao Special Administrative Zone permanent residence certificates, who had originally been employed as government officials. The Macao Special Administrative Zone may also engage Portuguese nationals or nationals of other countries as advisors and specialists. Portuguese nationals and nationals of other countries employed as officials in the Macao Special Administrative Zone can be employed only as individuals and shall be responsible to the Macao Special Administrative Zone.

Government officials shall be appointed and promoted according to their individual qualifications, experiences, and abilities. The original system in force in Macao for the employment, discipline, promotion, and normal rise in rank of government officials shall essentially remain unchanged.

7. The Macao Special Administrative Zone shall determine its own cultural, educational and science and technology policies, such as the policy on the language of instruction (to include Portuguese) and the system of academic qualifications and recognized academic ranks. Every type of school may continue operations, maintain its autonomy, and may continue to employ teachers and teaching materials from outside of Macao. Students shall be free to enter schools outside of the Macao Special Administrative Zone. The Macao Special Administrative Zone shall according to law protect Macao's cultural objects.

8. With the reservation that the Central People's Government shall control all diplomatic relations, the Macao Special Administrative Zone shall be free to maintain and develop independent relations under the name of "Chinese Macao" with all countries and territories of the world, also with organizations of international and regional character, concerning all suitable areas of activity, such as in the economic area, in trade, finance, shipping, communications, tourism, cultural activities, science and technology, and in sports, and shall also be free to conclude and fulfill agreements in these areas. If participation is by countries in international organizations or conferences concerning appropriate fields which are of relevance to the Macao Special Administrative Zone, a representative of the Macao Special Administrative Zone government may be made member of the PRC delegation, or participate with the permission of the Central People's Government and the above-stated international organizations or conferences, and may have a voice in the proceedings as "Chinese Macao." If participation in an international organization or conference is not by country, the Macao Special Administrative Zone may participate under the name of "Chinese Macao."

A representative of the Macao Special Administrative Zone government may be included as member in the PRC delegation to participate in such diplomatic negotiations of the Central People's Government which are of direct relevance to the Macao Special Administrative Zone.

In the case of international agreements concluded by the PRC Government, the Central People's Government may determine whether they shall apply to the Macao Special Administrative Zone, depending on the circumstances and the needs of the Macao Special Administrative Zone, and after soliciting the opinion of the Macao Special Administrative Zone government. International agreements which the PRC has not yet joined, but which already apply to Macao, may continue to be applied in Macao. The Central People's Government shall authorize or assist the Macao Special Administrative Zone government, in accordance with the prevailing circumstances and needs, in appropriate arrangements to apply in the Macao Special Administrative Zone other international agreements of relevance to the Macao Special Administrative Zone.

If Macao is presently in some form participating in certain international organizations in which the PRC is also participating, the Central People's Government shall take measures, in accordance with the prevailing circumstances and the needs of the Macao Special Administrative Zone, to allow the Macao Special Administrative Zone to keep its place in these organizations in an appropriate form. In case Macao is in some form presently participating in international organizations in which the PRC is not yet participating, the Central People's Government shall, according to circumstances and needs, allow the Macao Special Administrative Zone to continue to participate in these organizations in an appropriate form.

Consular agencies, official or semi-official organs of foreign countries in the Macao Special Administrative Zone must be approved by the Central People's Government. Consular agencies or other official organs established in Macao by countries that have normal diplomatic relations with the PRC may continue to function. Consular agencies or official organs of countries that have not yet established normal diplomatic relations with the PRC may, depending on the circumstances of the case, either be allowed to continue functioning or be converted to semi-official organizations. Countries which the PRC has not yet recognized may only establish nongovernmental organizations.

The Portuguese Republic may establish a consulate general in the Macao Special Administrative Zone.

9. The following persons are qualified residents of the Macao Special Administrative Zone and entitled to receive permanent residence identity certificates:

Chinese citizens who were born in Macao before or after the establishment of the Macao Special Administrative Zone, or who have had their normal residence in Macao continuously for 7 or more years, as well as their children of Chinese citizenship born outside of Macao.

Portuguese who were born in Macao before or after the establishment of the Macao Special Administrative Zone, or who have had their normal residence in Macao continuously for 7 or more years, and whose place of permanent residence is Macao.

Other persons who have had their normal residence in Macao continuously for 7 or more years before or after the establishment of the Macao Special Administrative Zone and whose place of residence is Macao, as well as their children below the age of 18 who were born in Macao before or after the establishment of the Macao Special Administrative Zone.

The Central People's Government authorizes the Macao Special Administrative Zone government to issue according to law PRC Macao Special Administrative Zone passports to Chinese citizens holding Macao Special Administrative Zone permanent residence identity



certificates, and to issue other Macao Special Administrative Zone travel documents to legitimate residents of the Macao Special Administrative Zone.

The above passports and travel documents shall be valid for travel to all countries and territories, and shall state that the holder of such documents has the right to return to the Macao Special Administrative Zone.

When entering or leaving the Macao Special Administrative Zone, residents of the Macao Special Administrative Zone may use travel documents issued by the Macao Special Administrative Zone government, or by other competent offices of the PRC, or made out by the competent offices of any other country. The fact that a person holds a Macao Special Administrative Zone permanent residence identity certificate shall be noted on his travel document to certify that the person in question is entitled to permanent residence in the Macao Special Administrative Zone.

Appropriate measures shall be adopted to control the entry into the Macao Special Administrative Zone of residents of other parts of China.

The Macao Special Administrative Zone may institute entry and exit controls to control the entry, stay, and exit of persons from other countries or territories.

Persons holding valid travel documents may freely leave the Macao Special Administrative Zone without additional approval, unless prohibited to do so by law.

The Central People's Government shall assist and authorize the Macao Special Administrative Zone government to negotiate and sign agreements for mutual exemption from visa requirements.

10. The Macao Special Administrative Zone shall determine its own economic and trade policies, the establishment of a free port and customs zone, and shall maintain and develop economic relations and trade with all countries and territories, shall continue its participation in GATT, in the International Textile Trade Conference, and in other similar international organizations and international trade agreements. The Macao Special Administrative Zone shall continue to enjoy export quotas, favorable customs duty arrangements, and other similar arrangements which the zone had previously acquired. The Macao Special Administrative Zone shall be authorized to issue certificates of origin for products produced in its area, in accordance with the regulations of the area of production valid at that time.

The Macao Special Administrative Zone shall protect foreign investments according to law.

In case of need, the Macao Special Administrative Zone may establish official or semi-official economic relations and trade offices abroad, which shall be reported to the Central People's Government for its record.

11. After establishment of the Macao Special Administrative Zone, there shall be no essential change in the former currency and financial system in existence in Macao. The Macao Special Administrative Zone shall determine its own currency and financial policies, and shall guarantee freedom of operations for all financial organizations, and freedom of circulation and of movement of capital in and out of the Macao Special Administrative Zone. The Macao Special Administrative Zone shall not institute a policy of foreign exchange controls.

The Macao dollar shall be the legal tender of the Macao Special Administrative Zone, freely circulating and freely convertible. The right of issuing Macao currency shall rest with the Macao Special Administrative Zone government. The Macao Special Administrative Zone government may authorize certain banks to act, or continue to act, as agents for the issue of Macao currency. Currency that shows symbols incompatible with the status of the PRC Macao Special Administrative Zone will be gradually exchanged and withdrawn from circulation.

12. The Macao Special Administrative Zone will determine its own budget and taxation policies. The budget and final accounts of the Macao Special Administrative Zone shall be reported to the Central People's Government for its record. The Macao Special Administrative Zone's revenue shall be exclusively used for its own requirements, and shall not be remitted to the Central People's Government. The Central People's Government shall not levy taxes in the Macao Special Administrative Zone.

13. The Central People's Government shall be responsible for matters pertaining to the defense of the Macao Special Administrative Zone.

The Macao Special Administrative Zone government shall be responsible for the maintenance of public security in the Macao Special Administrative Zone.

14. The Macao Special Administrative Zone shall recognize and protect according to law the legitimate land deeds, and all rights deriving from land deeds, endorsed or decided on before establishment of the Macao Special Administrative Zone with terms extending beyond 19 December 1999. Land deeds newly approved or extended after establishment of the Macao Special Administrative Zone will be dealt with in accordance with the relevant land laws and policies of the Macao Special Administrative Zone.

## Annex II.

### Arrangements for the Transitional Period

To ensure effective implementation of the Joint Declaration on Macao issued by the Government of the PRC and the Government of the Portuguese Republic, and to

provide proper preconditions for the transfer of sovereignty over Macao, the Government of the PRC and the Government of the Portuguese Republic have agreed to continue friendly cooperation during the transitional period from the date the Joint Declaration will come into force until 19 December 1999.

For this purpose, and in accordance with Articles 3, 4, and 5 of the Joint Declaration, the Government of the PRC and the Government of the Portuguese Republic have agreed to establish a Sino-Portuguese Joint Liaison Group and a Sino-Portuguese Land Group.

#### 1. The Sino-Portuguese Joint Liaison Group

(1) The Sino-Portuguese Joint Liaison Group shall be an organization for the purpose of liaison and consultations between the two governments, and to exchange information. The Sino-Portuguese Joint Liaison Group shall not interfere in the administration of Macao and is not to assume supervisory functions.

(2) The Sino-Portuguese Joint Liaison Group shall have the following tasks:

1) To conduct consultations on matters of the Joint Declaration and its Appendices;

2) To exchange information and conduct consultations on matters relating to the transfer of Macao sovereignty in 1999;

3) To conduct consultations on action by the two governments necessary to have the Macao Special Administrative Zone maintain and develop economic and cultural relations with foreign countries;

4) To exchange information and conduct consultations on other matters agreed upon by the two governments.

Issues on which the Sino-Portuguese Joint Liaison Group cannot achieve unanimity shall be referred to the two governments for negotiation and resolution.

(3) Each side shall nominate one person of ambassadorial rank as head of the Sino-Portuguese Joint Liaison Group and four group members. Each side may also add any needed specialists and working personnel, the numbers of whom shall be determined in mutual consultations.

(4) The Sino-Portuguese Joint Liaison Group shall be established on the date the Joint Declaration shall come into force, and shall start work within 3 months after its establishment. During its first year of activity, the Sino-Portuguese Joint Liaison Group shall hold meetings in rotation in Beijing, Lisbon, and Macao, but later have its permanent seat in Macao. The Sino-Portuguese Joint Liaison Group shall cease operations on 1 January 2000.

(5) Members, specialists, and working personnel of the Sino-Portuguese Joint Liaison Group shall enjoy diplomatic privileges with immunity or with the privileges and immunities appertaining to their personal status.

(6) Work and organizational procedure of the Sino-Portuguese Joint Liaison Group shall be negotiated and determined between the two parties in accordance with the provisions of this Annex. Unless otherwise agreed upon, the work of the Sino-Portuguese Joint Liaison Group shall be confidential.

#### 2. The Sino-Portuguese Land Group

(1) The two governments have agreed to deal with the issue of Macao's land deeds and related matters, as from the date the Joint Declaration shall come into force, according to the following provisions:

1) Land deeds originally issued by the Portuguese government of Macao which expire before 19 December 1999 (except for temporarily approved land or specially approved land) may be extended and fees charged according to the relevant current legal provisions, but extensions must not go beyond 19 December 2049.

2) From the date the Joint Declaration shall come into force until 19 December 1999, the Portuguese government of Macao may approve new land deeds, and collect fees, according to relevant current legal provisions, but with terms not beyond 19 December 2049.

3) Land newly deeded in accordance with Section 2, Paragraph 1, Item 2 of the present Annex (including new land reclamation from the sea and undeveloped land) is to be limited to 20 hectares per year. On the suggestion of the Portuguese Government, the Sino-Portuguese Land Group may examine and decide on changes in the mentioned yearly limit.

4) From the date the Joint Declaration shall come into force until 19 December 1999, the various types of revenue obtained by the Portuguese Government of Macao from newly issued land deeds and extensions of land deeds, after deducting average costs of land development, shall be shared equally by the Portuguese Government and Macao and the future Macao Special Administrative Zone government. The total land revenue belonging to the Portuguese Government of Macao, including the above-mentioned deductions, shall be used for land development and public engineering projects. Land revenue belonging to the Macao Special Administrative Zone government shall become reserve fund of the Macao Special Administrative Zone government and deposited with a Macao-registered bank, but, if necessary, the Portuguese Government of Macao may also use these funds, on obtaining the consent of the Chinese side, for land development and public engineering projects during the transitional period.



(2) The Sino-Portuguese Land Group is an organization representing the two governments in dealing with Macao land deed and other related matters.

(3) The Sino-Portuguese Land Group shall have the following tasks:

1) To conduct consultations on matters of Section 2 of this Annex;

2) To supervise the number and time limits of land leases approved and the distribution and use of revenue from approved land leases;

3) To examine and verify proposals by the Portuguese Government of Macao for the use of land revenue belonging to the Macao Special Administrative Zone government and to present opinions in this matter, to be submitted to the Chinese side for decision.

Issues on which the Sino-Portuguese Land Group cannot achieve unanimity shall be referred to the two governments for negotiation and resolution.

(4) Each side shall nominate three members to the Sino-Portuguese Land Group, but may also add needed specialists and working personnel, the numbers of whom are to be decided in negotiations.

(5) The Sino-Portuguese Land Group shall be established on the date the Joint Declaration shall come into force, and shall have its permanent seat in Macao. The Sino-Portuguese Land Group shall cease activities on 19 December 1999.

(6) Members, specialists, and working personnel of the Sino-Portuguese Land Group shall enjoy diplomatic privileges with immunities or with the privileges and immunities appertaining to their personal status.

(7) Work and organizational procedure of the Sino-Portuguese Land Group shall be negotiated and determined by the two parties in accordance with the provisions of this Annex.

#### **Memoranda Exchanged Between the Two Parties**

##### **Memorandum (Chinese Side)**

Pursuant to the Joint Declaration signed today by the Government of the PRC and the Government of the Portuguese Republic on the issue of Macao, the Government of the PRC declares:

All residents of Macao who conform to the provisions of the Nationality Law of the PRC, regardless of whether they hold Portuguese travel documents or personal identity certificates, have the status of Chinese citizens. In consideration of Macao's historical background and present condition, the relevant departments of the PRC

Government shall allow Chinese citizens with Portuguese travel documents to continue to use these documents when they travel to other countries and territories after the establishment of the Macao Special Administrative Zone. Above-mentioned Chinese citizens shall not enjoy Portuguese consular protection in the Macao Special Administrative Zone or in other parts of the PRC.

Beijing, 13 April 1987.

##### **Memorandum (Portuguese Side)**

Pursuant to the Joint Declaration signed today by the Government of the PRC and the Government of the Portuguese Republic on the issue of Macao, the Government of the Portuguese Republic declares:

All residents of Macao, who according to Portuguese legislation have the status of Portuguese citizens on 19 December 1999 and hold Portuguese passports, may continue to use them after the said date. As from 20 December 1999, no one may obtain the status of Portuguese citizen because of his or her connection with Macao.

Beijing, 13 April 1987.

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#### **Criminal Jurisdiction Regarding Crimes in International Treaties**

40050174d Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 16, 10 Jul 87 p 561

[NPC Standing Committee Resolution on the Exercise of Criminal Jurisdiction Regarding Crimes Defined in International Treaties Which the PRC Has Concluded or Joined (23 June 1987)]

[Text] It was resolved at the 21st Session of the Standing Committee of the 6th NPC: In the event of crimes defined in international treaties which the PRC has concluded or joined, the PRC shall exercise criminal jurisdiction within the scope of treaty obligations assumed by the PRC.

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#### **Proposed Resolution on Criminal Jurisdiction Regarding Crimes Defined in International Treaties**

40050174e Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 16, 10 Jul 87 p 562

[Proposal by the State Council Requesting Promulgation of a "Resolution by the PRC on the Exercise of Criminal Jurisdiction Regarding Crimes Defined in International Treaties Which the PRC has Concluded or Joined" (6 June 1987)]

[Excerpt] To the Standing Committee of the National People's Congress:

In recent years, China has joined or ratified several international treaties, which have as their purpose the strengthening of international cooperation in effectively preventing and punishing acts of terrorism, such as the 1970 "Convention Against Hijacking of Aircraft," the 1971 "Convention Against Illegal Acts Endangering the Safety of Civilian Aviation" and others. The State Council is now requesting the NPC Standing Committee to examine and decide on joining a "Convention for the Prevention and Punishment of Crimes Against Persons to be Internationally Protected, Including Diplomatic Representatives." These types of treaties stipulate that crimes such as hijacking aircraft, endangering the safety of civilian aviation, harming persons who are to be internationally protected, be made crimes of the national law of the signatory countries and punished by them. The respective signatory countries must adopt necessary measures to establish jurisdiction for all these crimes, regardless as to whether the criminal is a national of one's own country, and whether the crime was committed in one's own country. Their purpose to establish general jurisdictional provisions for such criminal acts of international character which endanger the safety of human life and property and do harm to international relations has become the essence of these international treaties.

China has joined or ratified certain of these treaties which demand of us to assume the above-mentioned jurisdictional obligations. Similar treaties that we shall join or approve in the future will also demand that we assume corresponding obligations. Especially, if a criminal act as defined in the treaties was committed outside of China against a third country as target, which according to treaty should be protected, and the foreign criminal enters Chinese territory, China is obligated to exercise criminal jurisdiction.

Accordingly, in order to achieve an organic linkage between the international obligations, which China has assumed by joining or ratifying this type of treaty, on the one hand, and the provisions of national law, on the other hand, before effecting any adjustment in the scope of application of the current criminal law of China, the State Council believes that it is necessary to request the following resolution by the NPC Standing Committee: The PRC shall regard crimes defined in international treaties which the PRC has concluded or joined as crimes of its national law and shall exercise its criminal jurisdiction in the case of the above-mentioned crimes, within the scope of the treaty obligations which the PRC has assumed.

Examination and decision is requested.

Zhao Ziyang, Premier of the State Council  
6 June 1987

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**PRC Regulations on Waterways Transportation**  
40050174f Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 16,  
10 Jul 87 pp 564-568

[Regulations of the PRC on Administrative Control of Waterways Transportation (promulgated by the State Council on 12 May 1987)]

#### [Text] Chapter 1: General Provisions

**Article 1.** The present regulations have been enacted to strengthen administrative control of waterways, to safeguard orderly transportation, and to enhance efficiency in transportation.

**Article 2.** The present regulations apply to units and individuals who are engaged in waterway transportation or in water transport service work along the coast, or on rivers, streams, lakes and other navigable bodies of water within the PRC.

**Article 3.** Waterway transportation is either commercial or noncommercial transportation.

Commercial waterway transportation refers to the transportation of persons (including tourist transportation, similarly hereinafter) and transportation of goods as a social service, creating expenses that require settlement of accounts.

Noncommercial waterway transportation refers to transportation that serves one's own unit or person without expenses that require settlement of accounts.

**Article 4.** The Ministry of Communications is in administrative charge of water transport affairs throughout the country; communications bureaus in the various localities are in administrative charge of water transport affairs in their districts.

Communications bureaus in the various localities may establish shipping control agencies, depending on the actual conditions of water transport administration.

**Article 5.** Guided by the state plan, the policy in waterway transportation shall be to have a multiple of regions, enterprises, and sectors engage in water transport, to protect legitimate competition, and to put an end to illegitimate operations.

**Article 6.** Units or individuals who engage in waterway transportation or water transport service trade must observe the state's relevant laws, rules and regulations and the water transport regulations promulgated by the Ministry of Communications.

**Article 7.** Foreign-financed enterprises, Sino-foreign joint ventures, and Sino-foreign cooperative ventures are not permitted to engage in waterway transportation along the coast, or on rivers and streams, lakes, and other navigable bodies of water of the PRC without permission from the PRC Ministry of Communications.

## **Chapter 2: Administrative Control of Commercial Transportation**

**Article 8.** Establishment of waterway transportation enterprises, water transport service enterprises, and transportation undertaken by units or individuals outside of waterway transport enterprises, shall be examined and approved by the communications bureaus in charge, according to the relevant provisions of these regulations and in consideration of achieving an overall balance between social transport capacity and transport volume. The procedure for examination and approval will be determined by the Ministry of Communications.

Procedures governing examination and approval of non-commercial shipping having large-scale impact on the administrative control of the water transport trade shall be separately determined by the Ministry of Communications in cooperation with departments concerned.

**Article 9.** Establishment of a waterway transport enterprise must fulfill the following requirements:

- (1) Availability of transport vessels adequate for the scope of the intended business operations.
- (2) A fairly steady source of passengers and goods to be transported.
- (3) Transporting passengers requires arrangement for ports of call (stations) along the route and appropriate service installations.
- (4) An adequate organizational structure and responsible persons in charge of operations.
- (5) Own liquid funds adequate for the operation of the intended transportation business.

**Article 11.** Units and individuals outside of water transport enterprises who engage in commercial transportation must fulfill the conditions prescribed in Article 9, Items 1, 2, and 3, and must have a definite responsible person in charge of operations.

**Article 12.** Communications bureaus in charge shall examine and approve the scope of business giving consideration to the managerial quality, transport capacity, and the sources of passengers and goods of the water transport enterprise of units and individuals engaged in commercial water transportation.

**Article 13.** Communications bureaus in charge shall issue transportation permits to enterprises or other units and individuals engaged in waterway transportation that have been approved for waterway transportation. Water transport service enterprises that have been approved shall be issued transport service permits.

**Article 14.** Units and individuals who have obtained transportation permits and transport service permits shall apply on the strength of their permits for business registration with the local industry and commerce bureaus. Business operations may be started only after approval and receipt of the business license.

**Article 15.** On ceasing operations, waterway transportation enterprises, water transport service enterprises, and other units and individuals engaged in commercial transportation must complete termination of business procedures with the communications bureaus in charge and with the industry and commerce bureaus.

**Article 16.** The Ministry of Communications and the communications bureaus in charge in provinces, autonomous regions, and centrally administered municipalities are responsible to establish by grades a comprehensively balanced plan for waterway transportation.

The transportation plan for key goods, through-transport goods, and export goods is of national character and its comprehensive balance shall be drafted by the Ministry of Communications in line with the state plan. For the main interprovincial arteries of the Changjiang, Zhujiang, and Heilongjiang systems the comprehensive balance shall be drafted by the shipping agencies dispatched to the waterway systems by the Ministry of Communications. As to waterways within provinces, autonomous regions, or centrally administered municipalities the balances shall be drafted by the communications bureaus in charge in the provinces, autonomous regions, and centrally administered municipalities.

**Article 17.** For those sources of goods and passengers that are outside the transportation plan, arrived at on the basis of the comprehensive balancing, the waterway transportation enterprises and other units and individuals engaged in waterway transportation are free to arrange transportation on their own within the scope of whatever operations had been approved for them. No unit or individual may cause regional or partial blockades, or monopolize sources of passengers and goods needing transportation.

**Article 18.** Carrier and consignee of goods in the operation of commercial transportation by waterway must sign transport contracts according to the provisions of the "PRC Law on Economic Contracts" and the "Detailed Rules on Contracts for Waterway Goods Transportation."

**Article 19.** Waterway transportation enterprises and other units and individuals engaged in commercial transportation must compute and collect transport and sundry fees according to relevant state regulations, and must also use transport documents prescribed by the Ministry of Communications.

**Article 20.** In case individual households engage in commercial transportation (including joint households, similarly hereinafter), all their vessels must be insured according to state regulations.

**Article 21.** Waterway transportation enterprises and other units and individuals engaged in commercial transportation, as well as petroleum, coal, metallurgical, commercial, foreign trade, forestry, electric power, chemical engineering, and aquatic products departments must, according to regulations, submit statistical forms on their operations, whether operating for profit or not, to the communications and statistics bureaus in charge.

**Article 22.** Water transport service enterprises must not monopolize the supply of goods or force their services on others. They must not charge higher service charges than prescribed standard charges.

**Article 23.** Civilian harbors along the coast and on rivers must provide port facilities and services to transport vessels according to national harbor control regulations and plan arrangements.

On entering or leaving harbors, all vessels must observe harbor regulations and submit to administrative controls.

Waterway transportation enterprises and other units or individuals engaged in commercial transportation may conclude agency agreements with harbor enterprises on a voluntary basis and in accordance with relevant regulations.

**Article 24.** Waterway transportation enterprises and other units or individuals engaged in transportation must pay taxes, state agency charges (harbor charges, moorage fees, waterway maintenance fees) and transport administration charges prescribed by the state. Enterprises and individuals undertaking noncommercial transportation must pay state agency charges according to state regulations.

Methods of computing and collecting state agency charges and transport administration charges will be determined by the Ministry of Communications together with the relevant departments of the State Council.

**Article 25.** The legitimate rights and interests of units owned by the whole people or by collectives and of single household boat people engaged in waterway transportation are protected by national law; no unit or individual may illegally collect money from them or impose charges on them.

### Chapter 3. Penalties

**Article 26.** Communications bureaus in charge may either issue warnings, or impose fines, or order the suspension of business in case of anyone of the following violations of the present regulations:

(1) Unauthorized establishment of waterway transportation enterprises or water transport service enterprises without official approval.

(2) Unauthorized start of commercial transportation by units or individuals other than waterway transportation enterprises without official approval.

(3) Driving up transportation charges or charging service charges in excess of prescribed standards.

(4) Operating commercial transportation without the use of prescribed transport documents.

(5) Nonpayment of state agency charges and transport administration charges.

(6) Monopolizing sources of supplies and forcing one's services on others.

(7) Undermining waterway transport order and disobeying administrative controls.

**Article 27.** Anyone who refuses to accept the sanction imposed on him by the communications bureau in charge may appeal to the higher ranking communications bureau. Anyone who refuses to accept the fine or order of suspension of business decided upon by the higher ranking communications bureau after reviewing the case, may file suit with a people's court within 15 days of receipt of the review decision. If no appeal is filed within the time limit and the penalty also left unpaid, the communications bureau in charge may apply to the people's court for compulsory execution.

**Article 28.** Cases of violation of the present regulations for which a sanction should be imposed by the security administration shall be dealt with by the security agencies. Acts that constitute a criminal offence shall be prosecuted by the judicial agencies.

**Article 29.** Personnel of the waterway transportation administration who violate the present regulations shall be punished by administrative sanction or economic penalty, to be imposed by the communication bureaus in charge.

### Chapter 4. Supplemental Provisions

**Article 30.** Terms used in these regulations shall be defined as follows:



The term "waterways transportation enterprises" refers to enterprises which specialize in the commercial transportation by waterway.

The term "water transport service enterprises" refers to enterprises that act as agents for completion of transportation procedures, for transfer of goods, and for arranging supplies of goods to be transported, however, excluding enterprises that do coordinated transportation over different transport facilities.

**Article 31.** The present regulations do not apply to transportation over waterways along international aviation routes and water transportation by rafts.

**Article 32.** Waterway transportation enterprises, water transport service enterprises, and other units or individuals engaged in commercial transportation that have started waterway transportation before the present regulations came into force, must apply within 180 days from the date these regulations are promulgated for supplemental examination and approval. In case any of them do not fulfill conditions for business operations, the communications bureau in charge shall order suspension of business or adjustments within a specified period of time. If they do not carry out the adjustment, the industry and commerce bureau shall cancel their business license.

**Article 33.** Interpretation of the present regulations rests with the Ministry of Communications. The Ministry of Communications shall determine detailed rules for implementation of the present regulations.

**Article 34.** The present regulations shall come into force on 1 October 1987.

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**State Council Appointments, Removals**

40050174g Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 16,  
10 Jul 87 p 576

[Text] 14 May 1987

Appointments: Xie Qihua [6043 6386 5478] as consul general at Ch'ongchin [North Korea]; Duan Jin [3008 3160] as consul general at Vancouver; Yu Zhizhong [0205 1807 1813] as deputy delegate of the permanent mission at the UN Geneva Office and to other international organizations in Switzerland; Ye Yuange [0673 0337 2706] as member of the permanent mission to the UN Organization for Industrial Development; Wang Chuanying [3769 0278 5391] as deputy representative of the permanent mission to the International Atomic Energy Organization.

Removals: Huang Yangzhao [7806 7122 2507] from the post of consul general at Vancouver; Zhang Xianwu [1728 6343 0523] from the post of member of the permanent mission to the UN Organization for Industrial Development; Duan Cunhua [3008 1317 5478] (female) from the post of deputy delegate of the permanent mission to the International Atomic Energy Organization; Wang Chiji [3769 6375 2817] from the post of representative delegate on the council of the International Civil Aviation Organization.

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40050144a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 17,  
15 Jul 87

[Text] Veterinary Medicine Control Regulations (Promulgated by the State Council on 21 May 1987) [Not translated]

State Council Interim Provisions on the Punishment of Financial Regulations Violators (16 June 1987) [Not translated]

State Council Circular on the Approval and Transmittal of a Proposal by the State Commission for Restructuring Economic System, the Ministry of Commerce, and the Ministry of Finance on Deepening the Reform of the State Commercial System and the Supply and Marketing Cooperative System (10 June 1987) [Not translated]

Proposal by the State Commission for Restructuring Economic System, the Ministry of Commerce, and the Ministry of Finance on Deepening the Reform of the State Commercial System (Summary) (23 April 1987) [Not translated]

Proposal by the State Commission for Restructuring Economic System, the Ministry of Commerce, and the Ministry of Finance on Deepening the Reform of the Supply and Marketing Cooperative System (23 April 1987) [Not translated]

State Council General Office Circular on the Transmittal of a Report by the Ministry of Urban and Rural Construction and Environmental Protection on Stepping Up the Comprehensive Management of Urban Environment (26 May 1987) [Not translated]

Report by the Ministry of Urban and Rural Construction and Environmental Protection on Stepping Up the Comprehensive Management of Urban Environment (30 April 1987) [Not translated]

State Council General Office Circular on the Transmittal of Several Proposals by the State Education Commission, the Ministry of Public Security, and the CYL Central Committee on Striving To Manage Work-Study Schools Efficiently (17 June 1987) [Not translated]

Several Proposals by the State Education Commission, the Ministry of Public Security, and the CYL Central Committee on Striving To Manage Work-Study Schools Efficiently (7 April 1987) [Not translated]

Organizational Rules for the Counselors Office of the State Council (Approved by the State Council on 16 May 1987)

**Organizational Rules for the Counselors Office of the State Council**

40050144b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 17,  
15 Jul 87 pp 607-607

[Organizational Rules for the Counselors Office of the State Council (Approved by the State Council on 16 May 1987)]

[Text] **Article 1.** Formulation of the present rules is based on the "PRC Law Governing the Organization of the State Council."

**Article 2.** The Counselors Office of the State Council [COSC] is an organization directly under the State Council; it is a department of a united front character and of highly honorable status, it has also advisory character.

The work of the COSC shall be subject to the leadership of the Secretary-General of the State Council.

**Article 3.** The COSC shall have one chairman, who shall direct all work of the office, and two or three vice-chairmen, who shall assist the chairman in his work.

**Article 4.** The following shall be the main tasks of the COSC:

(1) To enlist counselors for the study of Marxism-Leninism and Mao Zedong Thought, to improve the state of political ideology. To study the political line, principles, and policies determined by the CPC Central Committee and the State Council and to implement them in the course of their work.

(2) To enlist counselors to engage to the utmost of their abilities in investigations and studies, also to undertake inspections and visits, and to advance opinions and suggestions for submission to the State Council and other parties concerned.

(3) To enlist counselors for the study and expression of opinions on drafts of laws, rules, and regulations, submitted by relevant departments.

(4) To implement the party's united front policies and to encourage counselors to participate in the work of the patriotic united front.

(5) To support counselors in their collection and orderly disposition of cultural and historical materials and to encourage them to write articles and books on special subjects.

(6) To provide its counselors with the required working conditions and to take good care of their livelihood.

(7) To execute assignments received from the State Council.

**Article 5.** Counselors of the COSC shall primarily be selected from among the members of democratic parties and nonparty patriotic personalities, who are representative persons with influence on society.

Counselors of the COSC are state cadres, to be appointed by the Premier of the State Council.

**Article 6.** The following are the main duties of counselors of the COSC:

(1) To listen attentively to the opinions and demands expressed by people of all walks of life in society and to transmit their opinions and demands to the government.

(2) To gain an understanding of the state to which the government's general and specific policies and its plans have been executed and to submit relevant opinions and suggestions.

(3) To study drafts of laws, rules, and regulations submitted by relevant departments and to give opinions on these drafts.

(4) To participate in patriotic unified front activities.

(5) To execute assignments received from the leadership.

**Article 7.** The COSC shall set up a secretariat and a service department, each to have a head and assistant head, who shall work under the leadership of the chairman and vice-chairman. They shall take good care of the counselors and perform all routine work. The scope of their duties will be determined separately.

**Article 8.** If and when needed, the COSC may arrange for investigation and research fellows and employ special investigation and research staff to assist in the work of counselors.

**Article 9.** The present rules shall enter into force on approval by the State Council; the same shall apply to any revisions.

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GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 18,  
31 Jul 87

[Text] State Council Circular on the Promulgation of  
"Provisional Regulations of the PRC on Construction  
Tax" (25 June 1987) [Not translated]

Provisional Regulations of the PRC on Construction  
Tax (Promulgated by the State Council on 25 June 1987)  
[Not translated]

State Council Circular on the Promulgation of "Rules on  
the Handling of Medical Accidents" (29 June 1987) [Not  
translated]

Rules on the Handling of Medical Accidents (Promul-  
gated by the State Council on 29 June 1987) [Not  
translated]

Emergency Circular on Resolute Implementation of the  
"Three Links" Policy in Purchasing Grain by Contract  
(25 June 1987) [Text: FBIS-CHI-87-127 2 Jul 87 p K18]

State Council Circular on the Approval and Transmittal  
of the "Decision of the State Education Commission on  
Reforming and Developing Adult Education" (23 June  
1987) [Not translated]

Decision of the State Education Commission on  
Reforming and Developing Adult Education (25 Febru-  
ary 1987) [Summary: FBIS-CHI-87-134 14 Jul 87 p K  
13]

Provisional Regulations on the Hiring of Technicians  
(Promulgated by the Ministry of Labor and Personnel on  
20 June 1987) [Not translated]

State Council Circular on the Approval and Transmittal  
of a Report of the Central Patriotic Public Health  
Campaign Committee on the Work of Improving the  
Quality of Drinking Water in Rural Areas During the  
Seventh 5-Year Plan Period (6 June 1987) [Not trans-  
lated]

Report of the Central Patriotic Public Health Campaign  
Committee on the Work of Improving the Quality of  
Drinking Water in Rural Areas During the Seventh  
5-Year Plan Period (20 May 1987) [Not translated]

Agreement Between the Government of the PRC and the  
Government of the United Kingdom of Great Britain  
and Northern Ireland on Settling Mutual Demands on  
Properties Left Over From History (5 June 1987)

Premier Zhao Ziyang's Speech on the UN "Day of the 5  
Billion" (3 July 1987) [Text: FBIS-CHI-87-131 9 Jul 87  
p K 1]

Premier Zhao Ziyang's Congratulatory Message to the  
President of the Seventh Session of the UN Conference  
on Trade and Development on the Occasion of its  
Opening (8 July 1987) [Text: FBIS-CHI-87-132 10 Jul 87  
p A 2]

Appointments, Removals by the PRC President (27 June  
1987)

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**Sino-British Agreement on the Settlement of  
Mutual Property Claims**

40050145b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 18,  
31 Jul 87 pp 634-637

[Agreement Between the Government of the PRC and  
the Government of the United Kingdom of Great Brit-  
ain and Northern Ireland on Settling Mutual Demands  
on Properties Left Over From History]

[Text] The Government of the PRC (hereafter "the  
Chinese Government") and the Government of the  
United Kingdom of Great Britain and Northern Ireland  
(hereafter "the UK Government"), in order to finally  
and completely settle mutual demands on properties left  
over from history, dating from before 1 January 1980,  
have agreed as follows:

**Article 1.**

The Chinese Government undertakes not to pursue  
claims against the UK Government, neither for itself nor  
on behalf of Chinese legal or natural persons, with regard  
to any type of property, dating from before 1 January  
1980, in particular not for the following items of prop-  
erty left over from history:

(1) Claims for payment of debts owed to the Chinese  
Government or to any Chinese local authority, dating  
from before 1 January 1980, by British citizens who had  
resided or had engaged in commercial activities within  
the borders of the PRC.

(2) Property claims against the former "China Aviation  
Corporation" and "Central Aviation Corporation."

(3) Claims concerning five fishing vessels of the former  
Rehabilitation and Enterprise Custody Commission.

(4) Claims for compensation in connection with the  
requisitioning of the oil tanker "Yong Hao" and in  
connection with damages resulting from the rubber cargo  
of the ("Nan-xi-mo-le").

**Article 2.**



(1) In view of the above undertaking by the Chinese Government, the UK Government agrees to pay the Chinese Government the sum of U.S.\$3,800,000, and the Chinese Government agrees to accept this sum.

(2) The sum specified in the preceding paragraph shall be paid in two equal installments, the first within 61 days from the day the present agreement shall come into force, and the second 1 year after the first payment shall have been made.

#### Article 3.

The UK Government undertakes not to pursue claims against the Chinese Government regarding any kind of property, dating from before 1 January 1980, on behalf of itself or any UK legal or natural person, also not to support any property claims of this nature, in particular not the following property claims left over from history:

(1) Claims for payment of foreign debts incurred by former Chinese governments before 1 October 1949, including bonds issued or guaranteed by them.

(2) Claims for compensation regarding any kind of property inside China originally owned by UK citizens, but for which property rights or user rights were lost through direct or indirect action of the Chinese Government, as well as deposits by British citizens in certain banks, namely those deposits which had been the subject of negotiations between the two governments in 1986.

(3) Claims for compensation regarding the houses of the former British consulates in China, which had been requisitioned, nor for expenditure for the restoration of damaged houses of the British diplomatic missions.

(4) Claims for compensation regarding pension or retirement funds of UK citizens who had been employed before 1 October 1949 by former Chinese governments or municipal authorities under the jurisdiction of the said governments.

#### Article 4.

(1) In view of the above undertaking by the UK Government, the Chinese Government agrees to pay the UK Government the sum of 23,468,008 pounds, and the UK Government agrees to accept this sum.

(2) The sum mentioned in the preceding paragraph is to be paid in two equal installments, as specified in Article 2, Paragraph 2, of this Agreement.

#### Article 5.

As soon as payments of Articles 2 and 4 shall have been made, all mutual property claims between China and Great Britain, dating from before 1 January 1980, which had been left over from history, shall be considered finally and completely settled. Hereafter, the Chinese

Government and the UK Government shall enjoy all rights regarding all items of property mentioned in Articles 1 and 3 of this Agreement, remaining within their respective borders.

#### Article 6.

The Chinese Government and the UK Government shall be responsible to settle claims of their own respective natural and legal persons according to their respective national laws, and shall also be responsible for the distribution among their respective natural and legal persons of the sums specified in this Agreement; neither government shall in this matter bear responsibility toward the other government.

#### Article 7.

This Agreement shall enter into force on the day of its signature.

To this purpose, the officially authorized representatives of the two contracting parties have signed this Agreement in good faith:

This Agreement was signed in Beijing on 5 June 1987; it was made out in two copies, each in Chinese and English, and each version shall have equal validity.

Representing the Government of the PRC: Zhou Nan [0719 0589] (signed)

Representing the Government of Great Britain and Northern Ireland: Evans (signed)

To: Mr Zhou Nan, PRC Vice Minister of Foreign Affairs:

Your Excellency,

I have the honor to refer to the Agreement signed today by the PRC Government and the Government of the United Kingdom of Great Britain and Northern Ireland on the settlement of mutual property claims left over from history (hereafter "the Agreement"), and suggest the following:

The property claims referred to in Articles 1 and 3 of the Agreement do not include claims for compensation regarding shares, bonds, and other securities formerly issued by British corporations and enterprises who had engaged in commercial activities within the borders of the PRC and which securities are now held by PRC legal or natural persons. Holders of such securities (or their authorized representatives) may, according to the applicable national law, freely buy, exchange, retain, sell, or dispose of the shares, bonds, or securities. The UK Government is also willing to render assistance, if requested and as far as it is in its power, to find out the

existence of corporations and enterprises of this nature and the proper authorities to which applications for settlement of these properties must be made.

If the above suggestion is accepted by the PRC Government, I respectfully suggest that this note together with your reply form an agreement between our two governments, effective today.

Respectfully,  
Evans  
(signed)  
Beijing, 5 June 1987.

To: Mr Evans, Ambassador Extraordinary and Plenipotentiary of the United Kingdom of Great Britain and Northern Ireland to the PRC:

Your Excellency,

I have the honor to confirm receipt of your note of today, which read as follows:

"I have the honor to refer to the Agreement signed today by the PRC Government and the Government of the United Kingdom of Great Britain and Northern Ireland on the settlement of mutual property claims left over from history (hereafter 'the Agreement'), and suggest the following:

"The property claims referred to in Articles 1 and 3 of the Agreement do not include claims for compensation regarding shares, bonds, and other securities formerly issued by British corporations and enterprises who had engaged in commercial activities within the borders of the PRC and which securities are now held by PRC legal or natural persons. Holders of such securities (or their authorized representatives) may, according to the applicable national law, freely buy, exchange, retain, sell, or dispose of the shares, bonds, or securities. The UK Government is also willing to render assistance, if requested and as far as it is in its power, to find out the existence of corporations and enterprises of this nature and the proper authorities to which applications for settlement of these properties must be made.

"If the above suggestion is accepted by the PRC Government, I respectfully suggest that this note together with your reply form an agreement between our two governments, effective today.

"Respectfully,"

I have the honor to reply and to inform you that the PRC Government accepts your afore-stated suggestion and agrees that your note together with my reply form an agreement between our two governments, effective today.

Respectfully,  
Zhou Nan  
(signed)  
Beijing, 5 June 1987.

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**PRC Presidential Appointments, Removals**  
40050145c Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 18,  
31 Jul 87 p 640

[PRC Presidential Appointments and Removals (27 June 1987)]

[Text] According to NPC Standing Committee's decisions, the following ambassadors stationed abroad were appointed and removed:

1. Zhu Yinglu [2612 2019 7773] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Tunisia. Xie Bangding [6200 6721 1353] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Tunisia.

2. Cai Fangbo [5591 2455 2672] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Swiss Confederation. Tian Jindi [3944 6651 4104] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Swiss Confederation.

3. Ding Yuanhong [0002 0626 3163] was appointed Permanent Deputy Representative of the PRC to the United Nations (with ambassadorial rank).

4. Zhang Ruicong [1728 3843 3827] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Trinidad and Tobago. Cui Mingtang [1508 2494 1016] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Trinidad and Tobago.

5. Guan Zihuai [4619 1311 2037] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the State of Kuwait. Yang Fuchang [2799 4395 2490] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the State of Kuwait.

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40050146a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 19,  
10 Aug 87

[Text] Message of Greeting From the CPC Central  
Committee, the NPC Standing Committee, and the State  
Council on the 40th Anniversary of the Establishment of  
Nei Monggol Autonomous Region (1 August 1987)  
[Text: FBIS-CHI-87-151 6 Aug 87 p K 21]

Zhao Ziyang's Speech at the All-Army Congress of  
Heroes and Models (31 July 1987) [Text: FBIS-CHI-87-  
148 3 Aug 87 p K 19]

State Council Circular on the Approval and Transmittal  
of a Report of the Ministry of Civil Affairs on Strengthen-  
ing the Work of Urban Neighborhood Inhabitants'  
Committees (15 June 1987) [Not translated]

Report of the Ministry of Civil Affairs on Strengthening  
the Work of Urban Neighborhood Inhabitants' Commit-  
tees (27 May 1987) [Not translated]

Detailed Rules on Disciplinary Sanctions Against Viola-  
tion of PRC Customs Law (Promulgated by the General  
Administration of Customs on 1 July 1987)

Premier Zhao Ziyang's Congratulatory Message to the  
23rd Summit of the Organization of African Unity  
(27 July 1987) [Full summary: FBIS-CHI-87-144 28 Jul  
87 p G 1]

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## Detailed Rules on Disciplinary Sanctions Against Customs Law Violations

40050146b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 19,  
10 Aug 87 pp 649-655

[Text] Detailed Rules on Disciplinary Sanctions Against  
Violations of the PRC Customs Law (Approved by the  
State Council on 30 June 1987 and promulgated by the  
Customs General Administration on 1 July 1987)

### Chapter 1. General Rules

**Article 1.** In order to implement the provisions on legal  
responsibility of the "Customs Law of the PRC" (here-  
after "Customs Law"), the present detailed rules are  
formulated in accordance with Article 60 of the Customs  
Law.

**Article 2.** The present detailed rules shall apply to cases  
of smuggling which do not constitute the crime of  
smuggling, or acts that constitute crimes of smuggling,

but which, according to law, are exempt from prosecu-  
tion and criminal punishment, also to acts that violate  
rules of customs supervision and control.

### Chapter 2. Acts of Smuggling and Penalties

**Article 3.** The following acts constitute cases of smug-  
gling:

(1) Transporting or carrying into or out of China, at  
places where there is no customs office, without the  
approval of the State Council or its authorized organs,  
articles which are prohibited by state law from being  
imported or exported, for which export or import restric-  
tions apply, or goods and articles which, according to  
law, are subject to customs duty.

(2) Transporting, carrying, or mailing into or out of  
China concealed or falsely packaged, undeclared, or  
falsely declared articles, or evading customs control in  
any other way regarding articles or goods which are  
prohibited from being imported or exported, for which  
import or export restrictions apply, or which, according  
to law, are subject to customs duty.

(3) Sale of goods imported under special permit and  
placed in bond, sale of other goods in customs custody,  
or the sale of foreign means of transport brought into the  
country, without required authorization from customs  
and without paying required duty.

(4) Sale of goods which had been allowed in at specially  
reduced rates of duty, or which had been exempted from  
duty, for use in specially designated enterprises or for  
special purposes, or moving goods allowed in at reduced  
rates of duty or exempted from duty to other than those  
localities in China for which they had specially been  
designated, without customs authorization and without  
paying required duty.

**Article 4.** The following acts shall both be considered  
smuggling, and penalties shall be imposed accordingly:

(1) Illegal purchase directly from smugglers of goods or  
articles smuggled into the country;

(2) Transporting, purchasing, or selling in China's inter-  
nal seas and territorial waters of articles prohibited from  
being imported or exported, or transporting, purchasing,  
or selling of goods and articles for which import or  
export restrictions apply and for which no valid permit  
had been obtained.

**Article 5.** The following penalties shall be imposed in  
case any of the acts listed in Articles 3 and 4 of these  
detailed rules are committed:

(1) In case of smuggling in or out of the country articles  
prohibited from being imported or exported, the smug-  
gled articles and illegal gains shall be confiscated, and an  
additional fine of up to 50,000 yuan may be imposed.

(2) In case of smuggling in or out of the country goods or articles for which import or export restrictions apply, the smuggled goods or articles and illegal gains shall be confiscated, and an additional fine of up to the value of the smuggled goods or articles, or up to three times the duty due on them, may be imposed.

(3) Goods and articles which have been used specially in the concealment of smuggling shall be confiscated; special equipment used to conceal smuggled goods or articles shall be confiscated or ordered destroyed.

Whenever it is impossible to confiscate smuggled goods or articles, payment shall be demanded of an amount equal to the value of the smuggled goods or articles.

**Article 6.** If smuggling has been committed jointly by two or more persons, separate penalties shall be imposed on each person according to the particular circumstances of the crime and to the responsibility of each person for the crime.

If anyone fails to report a case of smuggling of which he has become aware, or if anyone provides facilities to smugglers, the illegal gain received by that person shall be confiscated, and an additional fine of up to double of his illegal gains may be imposed; in case no illegal gain was received, a fine of up to 5,000 yuan may be imposed.

**Article 7.** Anyone who prepares means or provides facilities for smuggling shall be fined according to the provisions of Article 5 of the present detailed rules, but less severely.

**Article 8.** In the following cases less severe penalties may be imposed or all penalties waived:

- (1) In case of smuggling of minor importance.
- (2) If the party himself informed of his own accord or rendered assistance in the detection.
- (3) If the case of smuggling was detected after 3 years or later.

The period specified in the preceding paragraph shall be calculated as from the time the smuggling occurred; in the case of continuous smuggling, the period shall be calculated as from the day the last act of smuggling had taken place.

### **Chapter 3: Violations of Customs Control Regulations and Penalties**

**Article 9.** Acts that violate customs rules and regulations but do not constitute acts of smuggling are violations of customs control provisions.

**Article 10.** In case of unauthorized imports or exports of goods for which no permits had been obtained, in violation of import-export control rules and regulations,

the goods shall be confiscated or ordered returned; if the permit-issuing authority will allow obtaining a supplemental permit, a fine of less than the equivalent value of the goods shall be imposed.

**Article 11.** In any one of the following cases fines shall be imposed of amounts up to the value of the goods or articles, or up to double the duty due on these goods or articles:

(1) If goods or articles have been transported, carried, or mailed into or out of the country in evasion of customs controls, but in case such goods or articles are not of the kind of which imports and exports are prohibited, or of which imports and exports are restricted, or which are subject to customs duty.

(2) If goods under control of the customs or articles not yet released by the customs are willfully and without customs permission, opened, taken delivery of, handed over, transported out, exchanged, repacked, pledged as collateral, or assigned.

(3) If anyone in the business of transporting, storing, processing, assembly, or consignment for sale of bonded goods shows, without justifiable reasons, inaccuracies or shortages in his records.

(4) If anyone, without customs permission, diverts imported goods or articles to other purposes than those in consideration of which reduced rates of duty had been charged or duty waived.

(5) In case of false declarations for imported or exported goods.

(6) If goods temporarily allowed in or out of the country are not reimported or reexported, as the case may be, within the specified time limits but are willfully allowed to remain in or outside the country.

(7) If transit goods, forwarding goods, and transfer goods are not exported within the specified time limits, but willfully left within the country.

(8) If goods and articles to be used by import or export means of transport are willfully transferred to other parties, without customs approval and without paying duty.

**Article 12.** In any one of the following cases fines up to 50,000 yuan shall be imposed:

(1) If a means of transport, without approval by the State Council or its authorized agency, enters or leaves the country at a place where there is no customs office.

(2) If an import or export means of transport, which had stayed within a customs control zone, willfully departs without customs approval.



(3) If an import or export means of transport moves from a place where there is no customs office to another place where there is a customs office, and without completing necessary customs clearance procedure and without customs approval, breaks its journey to proceed to another place where there is no customs office.

**Article 13.** In any of the following cases fines up to 30,000 yuan shall be imposed:

(1) If an import or export means of transport arrives at or leaves a place where there is a customs office, but does not, according to regulations, submit relevant documents for customs inspection, or if such documents are false.

(2) If an import or export means of transport refuses to submit to the prescribed customs inspection and examination of goods and articles.

(3) If an import or export means of transport willfully and without customs permission loads or discharges import or export cargo or articles, or allows travellers on their way into or out of China to board or disembark.

(4) If an import or export means of transport willfully and without customs permission concurrently engages in inland transportation of passengers and cargo, or is being used for other purposes than import or export transport.

(5) If an import or export means of transport, willfully and without completing the prescribed customs procedure, changes its business to domestic transportation.

(6) If anyone engaged in the storage, processing, assembly, or consigning for sale of bonded goods does not fulfill the prescribed procedure for receiving, handing over, and writing off, or does not complete the prescribed procedure with the customs for termination, extension, or transfer of the relevant contract.

(7) Anyone who stores or leaves customs controlled goods outside the customs control zone without customs approval, or refuses to allow customs to assume control of them.

(8) Anyone who willfully removes or damages customs seals on means of transport, warehouses, or goods.

**Article 14.** In any of the following cases fines up to 20,000 yuan shall be imposed:

(1) If an import means of transport, after entering Chinese territory but before submitting its customs declaration, or an export means of transport, after customs clearance but before leaving Chinese territory, takes a route other than the one prescribed by the traffic control agency in charge or by the customs authorities.

(2) If incoming or outgoing vessels or motor vehicles carrying goods subject to customs control do not proceed on customs prescribed routes.

(3) If vessels or aircraft entering or leaving China have to anchor, berth, or elight, and to jettison or unload cargo or articles, due to force majeure, at places where there is no customs office and, without justifiable reasons, fail to report to the nearest customs office.

**Article 15.** In any of the following cases supplemental payment of duty or return of the articles in question shall be ordered, and in addition a fine up to the value of the articles in question shall be imposed:

(1) If a person carries o. mails into or out of the country, without making out a customs declaration, articles which are for own use but in excess of customs-prescribed quantities, yet still in rather small quantities.

(2) If a person entering or leaving the country carries or mails articles and makes out a false customs declaration or does not submit them to customs inspection.

(3) If articles registered by the customs as temporarily allowed to be brought in, or allowed to be exported exempt from customs duty, are not reexported or reimposed according to regulations.

(4) If personnel crosses the border and leave behind in China articles which they have carried in with them without customs approval.

**Article 16.** In any of the following cases a fine of up to 1,000 yuan shall be imposed:

(1) If the customs is not notified in advance of arrival times and places of destination of vessels, trains, or aircraft entering or leaving China, or of changes in these times and places, unless excused for special justifiable reasons.

(2) If customs seals on articles are willfully removed or damaged.

(3) If a violation of customs rules and regulations prevents customs from, or interrupts customs in exercising its control of means of transport, goods, or articles entering or leaving the country.

**Article 17.** If a person reports of his own accord before customs inspection that an article is being carried or mailed into or out of the country of a kind that is prohibited from being imported or exported, such article may be confiscated or ordered sent back, as the particular case may be, and a fine may be imposed, if circumstances warrant.

**Article 18.** In case of a slight violation of customs control regulations, or in case the party of its own accord gives relevant information, the fine may be only a light one or completely waived.

Fines shall no longer be imposed on violations of customs control regulations discovered 3 years or later.

#### **Chapter 4. Disposition of Cases of Smuggling and of Violations of Customs Control Regulations**

**Article 19.** Disposition of cases of smuggling and violation of customs control regulations shall be determined by the Director General of Customs.

**Article 20.** Whenever customs offices confiscate goods, articles, or means of transport they shall issue confiscation vouchers.

The form of the confiscation voucher shall be uniformly determined by the Customs General Administration.

**Article 21.** If goods, articles, or means of transport cannot be confiscated, or cannot conveniently be confiscated, customs may accept a security deposit or collateral security from the party concerned or from the person in charge of the means of transport.

**Article 22.** Goods, articles, and means of transport confiscated according to law may not be disposed of prior to final judgement by a people's court or final penalty decision of the customs. However, fresh fruit, vegetables, or easily spoiled or perishable goods and articles, may first be sold and proceeds deposited with the customs, with due notification to the owner.

**Article 23.** If customs has ascertained with certainty that deposits or remittances were illegally derived from smuggling, customs may notify the bank or post office in writing to stop payments for the time being, while simultaneously notifying the depositor or remitter. Temporary stoppages of payments shall not exceed 3 months. After the penalty decision of the customs shall have become final, the money in question shall be disposed of by customs as prescribed in the "Customs Law" and the present detailed rules.

**Article 24.** In case violations of customs regulations have been committed by enterprises and industrial units, state organs, or social organizations, customs may, in addition to fining the unit in question, also impose a fine of up to 1,000 yuan on each of the responsible members of the staff, or on the official directly responsible.

**Article 25.** In case violations of the "Customs Law" have been committed by enterprises and industrial units, state organs, or social organizations, customs may, if circumstances warrant, temporarily cease granting them favorable treatment of reduced rates of duty or duty waivers, temporarily deny their qualification for submitting customs declarations, or revoke the relevant person's license of customs agent.

**Article 26.** When imposing a fine for smuggling or violation of customs control regulations, customs shall send a fine notice to the party concerned.

Anyone who refuses to accept the fine imposed by customs may apply in writing to the customs office which issued the decision or to its superior office for a review of the case within 30 days from the delivery of the fine notice. The relevant customs office shall decide on the review within 90 days after receipt of the request and shall send the party concerned a copy of its review decision.

Anyone who again refuses to accept the review decision may file suit in people's court within 30 days from the delivery of the review decision.

The party concerned may also directly file suit in people's court within 30 days from delivery of the fine notice. The party that chooses to directly file suit in people's court may not also apply for a review by customs.

Forms of customs fine notices and review decision notices will be uniformly decided by the Customs General Administration.

**Article 27.** Customs offices may send fine notices or review decision notices directly to the parties concerned and have them give signed receipts. They may also send such notices by registered mail with return receipt, in which case the date on the confirmation of receipt shall be the date of delivery of the notice. If delivery is not possible, notification shall be effected by public notice; public notice shall then be considered as a notice that has been delivered.

**Article 28.** If the party that has been fined does not request review and also does not file suit within the prescribed time limit, the penalty decision shall come into force.

Fines, unlawful gains, and equivalent values in cash for smuggled goods, articles, or means of transport must be paid within the time limit set by the customs office in its fine decision.

**Article 29.** If the person fined by customs has no permanent residence in China, he shall pay the fine, unlawful gains, and the equivalent cash value of smuggled goods, articles, or means of transport before leaving the country. If said person refuses to accept the fine imposed by

the customs or cannot pay the above-mentioned amounts before leaving the country, he shall provide a security deposit, collateral deposit, or other guarantees approved by customs.

After the fine imposed by customs will have been paid, customs shall promptly return the security deposit, collateral deposit, or other guarantees which had been provided.

**Article 30.** If a person does not pay his fine and also does not apply for review within the specified time limit, the customs which had imposed the fine may confiscate his security deposit, or recover the amount of the fine from out of the sale of the goods, articles, or means of transport that had been retained or given in security, or may request a people's court for compulsory execution.

**Article 31.** If a fine has been imposed without confiscation of goods, articles, or means of transport which had entered the country, it does not exempt the party concerned from its obligation to pay duty or comply with customs formalities required according to law.

#### **Chapter 5: Supplementary Provisions**

**Article 32.** Customs personnel who abuse official powers, deliberately cause difficulties, or delay control or inspection shall be subject to disciplinary sanctions as prescribed in State Council regulations on awards and penalties for state employees. Those who are guilty of favoritism or corruption, dereliction of duties, or who condone smuggling shall be subject to administrative sanctions as prescribed in State Council regulations on rewards and penalties for state employees, or prosecuted according to criminal law, depending on the gravity of the circumstances of the case.

**Article 33.** Terms used in the present detailed rules shall be understood as follows:

"Articles" shall comprise currency, gold, silver, and securities.

"Equivalent value" shall assume as standard the retail sales price in the state-operated market at the place in question; if it is not possible to ascertain the aforesaid value, customs shall appraise the value.

"Up to" or "below" shall be understood to include the figure mentioned.

**Article 34.** The name and description of goods under import or export restriction by the state shall be published by the relevant department of the State Council.

The name and description of articles, prohibited by the state to be imported or exported, shall be determined jointly by the Customs General Administration, based on the "Customs Law" and all other relevant laws, rules, and regulations, and the State Council, and shall be published by the Customs General Administration.

The name and description of articles under import and export restriction by the state shall be published by the Customs General Administration.

**Article 35.** Responsibility for interpretation of the present detailed rules shall rest with the Customs General Administration.

**Article 36.** The present detailed rules shall come into force on 1 July 1987.

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40050147a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 20,  
31 Aug 87

[Text] State Council Spokesman Answers Reporter's  
Questions on Commodity Prices (24 August 1987) [Text:  
FBIS-CHI-87-164 25 Aug 87 p 8]

Regulations on the Management of Equipment Belong-  
ing to Industrial and Communications Enterprises  
Under All-People Ownership (Promulgated by the State  
Council on 28 July 1987) [Not translated]

Provisional Regulations on the Control of Urban and  
Rural Individual Industrial and Commercial House-  
holds (Promulgated by the State Council on 5 August  
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Provisional Rules on the Handling of Labor Disputes in  
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State Council Interim Provisions on the Reduction of  
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ing in China [Summary: FBIS-CHI-87-158 17 Aug 87  
p K 28]

Regulations on Strictly Prohibiting the Unauthorized  
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(Promulgated by the National Tourism Administration  
on 17 August 1987) [Not translated]

Provisional Rules on Foreign Debt Statistics and Moni-  
toring (Promulgated by the State Administration of  
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Premier Zhao Ziyang's Congratulatory Message to Por-  
tuguese Premier Anibal Cavaco Silva (17 August 1987)  
[Full Summary: FBIS-CHI-87-163 24 Aug 87 p 8]

Rules Governing Workers' Health in Township Enter-  
prises (Promulgated by the Ministry of Public Health  
and the Ministry of Agriculture, Animal Husbandry, and  
Fisheries on 9 July 1987) [Not translated]

Appointments and Removals by the PRC President  
(16 July 1987) [Not translated]

State Council Appointments and Removals (1 July 1987;  
27 July 1987) [Text: FBIS-CHI-87-163 24 Aug 87 p 11]

**Control of Urban and Rural Industrial and  
Commercial Households**

40050147b ZHONGHUA RENMIN GONGHEGUO  
GUOWUYUAN GONGBAO [PRC STATE COUNCIL  
BULLETIN] in Chinese No 20, 31 Aug 87 pp 670-678

[Provisional Regulations on the Control of Urban and  
Rural Individual Industrial and Commercial House-  
holds (Promulgated by the State Council on 5 August  
1987)]

[Text] Article 1. In order to guide and assist urban and  
rural workers in their development of individual econ-  
omy, enhance supervision and control over individual  
industrial and commercial households [IICHs], and to  
protect their legal rights and interests, the present regu-  
lations have been formulated in accordance with provi-  
sions of state law.

Article 2. Persons waiting for jobs in cities and town-  
ships, inhabitants of villages, and others permitted under  
state policy, who have the ability to run a business, may  
apply for permission to engage in individual industrial or  
commercial business, and, after check and approval  
according to law, may be registered as IICH's.

Article 3. Within the scope of national law and state  
policy, IICH's may engage in industry, handicraft, con-  
struction, communications and transport, commerce,  
catering trade, service industry, repair work, and other  
trades.

Article 4. IICH's may be operated by individuals or by  
families. An individual who operates an IICH is liable  
under civil law with his entire personal property; a  
family that operates an IICH is liable under civil law  
with its entire property.

IICH's may employ one or two assistants, depending on  
the circumstances of the business; IICH's operating with  
special skills may take in several apprentices.

Article 5. All legal rights and interests of IICH's are  
protected by national law; they must not be infringed  
upon by any unit or individual.

Article 6. The state agency in charge of industry and  
commerce and the local industry and commerce bureaus  
at all levels shall exercise the following administrative  
controls over IICH's:

(1) To check and register applications for individual  
industrial or commercial businesses and to issue their  
business licenses.

(2) To administer and supervise, in accordance with law  
and the present regulations, all business activities of  
IICH's, to protect their legitimate operations, investigate  
illegal operations, and safeguard urban and rural market  
order.



(3) To provide guidance for unions of workers engaged in individual enterprises.

(4) Other administrative competencies delegated to them by the state.

Departments in charge of the various trades and industries shall exercise administration and guidance in the affairs of the IICH's and render them assistance, in accordance with state regulations.

**Article 7.** An individual or a family that intends to operate an individual industrial or commercial business shall apply to the local industry and commerce bureau for registration, submitting local census certificates and other relevant evidence. Business may be started as soon as the industry and commerce bureau of county rank will have checked and approved the application, and a business license will have been received.

If state regulations prescribe that the operator of a certain business shall fulfill certain conditions or require the approval of the department in charge of the particular trade in question, documentary evidence of approval must be submitted at the time of applying for registration.

Applicants for hotel trade, engraving business, trust and consignment business, or printing business must be checked and approved by the local public security agency.

**Article 8.** When registering IICH's, the main items to record are: name of business, name and address of operator, number of persons engaged in the business, amount of capital, form of organization, scope of business, method of operation, and location of business operations.

**Article 9.** In case of changes in business name, address of operator, organizational form, scope of business, method of operation, and in the location of the business operations, and in case of family-operated IICH's, changes in the name of the family operating the business, application must be made to the administrative agency that effected the original registration for a change of registration; changes must not be made high-handedly before receipt of approval.

In case the operator of an individually operated IICH changes, a new registration shall be applied for.

**Article 10.** At specified times every year, IICH's shall complete the procedure of license reexamination at the local industry and commerce bureau. In case a business enterprise does not complete the said procedure within the time limit, without justifiable reasons, the industry and commerce bureau may revoke its business license.

**Article 11.** When an IICH ceases operations, it must complete business termination procedure and surrender its business license. In case an operator has ceased to operate his business for more than 6 months, its business license shall be revoked by the industry and commerce bureau.

**Article 12.** An IICH whose business license has been surrendered, revoked, or withdrawn must pay all outstanding debts to its creditors.

**Article 13.** IICH's must pay registration and management fees. Standard rates of these fees and the method of administering the registration and management fees will be determined jointly by the State Industry and Commerce Administration and the Ministry of Finance.

**Article 14.** Sites required for production and business operations of IICH's shall be included as one item in the urban and rural development plans of local people's governments and arranged for within their overall plans. Once sites have been approved for operations, they must not be occupied by any other unit or individual.

**Article 15.** Raw and other materials, fuel, and supplies of goods required by the IICH's in their production processes shall be supplied, if need be, by state-run wholesale units; the supplying units must arrange for them in a rational way without discrimination.

**Article 16.** On the strength of their business licenses, IICH's may open bank accounts with banks or other financial institutions and apply for loans in accordance with relevant regulations.

**Article 17.** Business licenses of IICH's are legal certificates, issued after due checking by a state-authorized administrative agency in charge of industry and commerce; they can be revoked or cancelled only by the administrative agency in charge of industry and commerce in accordance with proper legal procedure, and must not be revoked or cancelled by any other unit or individual.

**Article 18.** Unless provided by specific laws, rules, and regulations, or by decision of a provincial people's government, no unit or individual may impose fees on IICH's.

If fees are demanded without proper authority, IICH's have the right to refuse payment, and the industry and commerce bureaus at all levels are empowered to put a stop to such practices.

**Article 19.** IICH's must observe national law and state policy, must consciously safeguard market order, uphold vocational ethics, engage in legitimate business, and refrain from any of the following activities:

(1) Speculating, swindling, smuggling, or selling smuggled goods.

(2) Cheating or monopolizing the market, driving prices up, or forced buying and selling.

(3) Doing shoddy work or using inferior materials, giving out inferior goods as high quality goods, giving short measure, adulterating, or falsifying.

(4) Selling foodstuffs that do not conform to health standards or are harmful to the health of people.

(5) Producing or selling narcotics, counterfeit goods, or goods with counterfeit trademarks.

**Article 20.** IICH's must complete tax registration in accordance with the regulations of the tax authority, keep proper accounting records, and file tax returns; they must not evade, misappropriate, or refuse to pay taxes.

**Article 21.** When IICH's, according to regulations, employ assistants and take in apprentices, they must make out written contracts, stipulating the mutual rights and obligations, fixing remunerations for work, work protection, welfare benefits, duration of contract, etc. Contracts signed in this manner are protected under law, and contract terms must not be willfully violated.

In trades that entail risks for health and life, the IICH's must insure their assistants and apprentices with the China People's Insurance Corporation.

**Article 22.** The following penalties may be imposed, commensurate with the special circumstances of the cases, by industry and commerce bureaus on IICH's who violate the provisions of Articles 7, 9, 10, 11, 13, or 19 of the present regulations:

- (1) Warnings;
- (2) Fines;
- (3) Confiscation of illegal gains;
- (4) Ordering cessation of business;
- (5) Revocation or cancellation of business license.

Several of the above penalties may be imposed simultaneously.

Those who violate public security control shall be penalized by the public security organs according to relevant regulations; those who violate criminal laws shall be prosecuted according to law.

**Article 23.** If IICH's or those engaged in their business put up resistance against or obstruct exercise of the legitimate functions of personnel of industry and commerce bureaus or other control agencies in a way that these acts do not yet justify criminal punishment, the public security organs shall impose penalties in accordance with relevant regulations. If a criminal offense has been committed, prosecution shall be instituted according to criminal law.

**Article 24.** If working personnel of the industry and commerce bureaus or other administrative personnel violate any of the provisions of these regulations by serious dereliction of duties, by fraudulently enriching themselves, by accepting bribes, or if they infringe upon the legitimate rights and interests of the IICH, the relevant organ in charge shall impose an administrative and economic penalty, according to the severity of the case. Where economic loss has occurred, compensation shall be ordered, and where criminal law has been violated, prosecution shall be instituted according to law.

**Article 25.** If an IICH disagrees with an unlawful decision by the administrative organ in charge, it shall first of all execute the decision and may then, within 15 days after receipt of the notice, appeal for a review to the authority superior to the one that has issued the first decision. The superior authority shall reply within 30 days after receipt of the appeal. If the IICH again refuses to abide by the reply on its appeal, it may file suit with a people's court within 30 days after receiving the reply.

**Article 26.** If an individual or a family operates for profit, in accordance with relevant state regulations, cultural or educational, sports or recreational, information or broadcasting, science and technology interchange, consulting services, and any kind of instruction in technical fields, such activities must be conducted in accordance with the present regulations.

**Article 27.** Interpretation of the present regulations rests with the State Industry and Commerce Administration; detailed enforcement regulations shall be formulated by the State Industry and Commerce Administration.

**Article 28.** The present regulations shall come into force on 1 September 1987.

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40050175a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 pp 689-690

[Text] Decree of the President of the People's Republic  
of China No 57 (5 September 1987) [Not translated]

PRC Law for the Prevention of Atmospheric Pollution  
(5 September 1987) [Text: JPRS-CST-88-001 14 Jan 88  
p 61]

Proposal by the Ministry of National Defense Request-  
ing Examination and Approval of the "PRC Law for the  
Prevention of Atmospheric Pollution (Draft)" [Not  
translated]

Decree of the President of the People's Republic of  
China No 58 (5 September 1987) [Not translated]

PRC Law on the Handling and Custody of Records (5  
September 1987) [Not translated]

State Council Proposal Requesting the Examination and  
Approval of the "PRC Law on Handling and Custody of  
Records (Draft)" (7 June 1987) [Not translated]

NPC Standing Committee Decision on the State Council  
Request To Examine and Approve the Proposal to  
Establish the Province of Hainan (5 September 1987)  
[Not translated]

State Council Request to Examine and Approve the  
Proposal To Establish the Province of Hainan (24  
August 1987)

List of Appointments by NPC Standing Committee  
Decision (5 September 1987)

Proposal to Appoint Comrade Li Zhensheng to the post  
of vice president of the Chinese Academy of Sciences (10  
August 1987) [Not translated]

PRC Regulations for the Control of Nuclear Materials  
(15 June 1987)

Circular of the General Office of the State Council  
Transmitting a Report From the Auditing Administra-  
tion on Improvement of Internal Audits (16 July 1987)  
[Not translated]

Report by the Auditing Administration on Improvement  
of Internal Audits (1 July 1987) [Not translated]

Proclamation by the General Office of the State Council  
on Summer Time (9 September 1987) [Not translated]

Circular of the State Education Commission and Minis-  
try of Finance on the Reprinting and Redistribution of  
"Measures Introducing the Scholarship System for

Undergraduate and Vocational Students at Standard  
Institutions of Higher Learning" and of "Measures  
Introducing the Student Loan System for Undergraduate  
and Vocational Students at Standard Institutions of  
Higher Learning" (31 July 1987) [Not translated]

Annex 1. Measures Introducing the Scholarship System  
for Undergraduate and Vocational Students at Standard  
Institutions of Higher Learning [Not translated]

Annex 2. Measures Introducing the Student Loan Sys-  
tem for Undergraduate and Vocational Students at Stan-  
dard Institutions of Higher Learning [Not translated]

Provisions to Strengthen Labor Protection in Township  
and Town Enterprises (22 July 1987)

PRC Presidential Appointments, Removals (13 August  
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**State Council Proposal to Establish Hainan  
Province**

40050175b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 p 702

[State Council Request To Examine and Approve a  
Proposal To Establish Hainan Province]

[Text] To the Standing Committee of the NPC:

Hainan is China's second largest island with an area of  
over 34,000 square kilometers and a population of 6.05  
million. The island has the vast sea around it, abundant  
resources, rich rainfall; it is a precious piece of tropical,  
Asian land. During the more than 30 years since the  
founding of the PRC, particularly since the 3d Plenum of  
the 11th CPC Central Committee, Hainan's economy,  
cultural and other undertakings have experienced great  
progress and built up a foundation of considerable  
proportions. However, restricted by many factors, Hai-  
nan's great potential has not been fully developed, and to  
a fairly large measure it lags behind the other coastal  
areas of the PRC.

To accelerate the development and construction on  
Hainan Island, it is proposed to abolish the Hainan  
administrative district, to separate the areas formerly  
forming the Hainan administrative district from Guang-  
dong Province, and to establish a separate Hainan Prov-  
ince. The people's government of Hainan Province shall  
have its seat in Haikou City.

In view of the need for early preparations for the  
establishment of Hainan Province, it is proposed that  
even before the NPC Standing Committee will submit

the proposal to the NPC, the State Council may be authorized to set up a Preparatory Team for the Establishment of Hainan Province to start preparatory work.

Requesting deliberation and approval,

Zhao Ziyang, premier of the State Council

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**NPC Standing Committee List of Appointments**  
40050175c Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 p 702

[NPC Standing Committee List of Appointments  
(Approved at the 22nd Session of the Standing Committee of the Sixth NPC on 5 September 1987)]

Li Zhensheng [2621 2182 5116] was appointed vice president of the Chinese Academy of Sciences.

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**PRC Regulations for the Control of Nuclear Materials**  
40050175d Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 pp 703-707

[PRC Regulations for the Control of Nuclear Materials  
(Promulgated by the State Council on 15 June 1987)]

[Text]

#### Chapter 1. General Provisions

**Article 1.** The present regulations have been formulated to ensure safe and rational use of nuclear materials, prevent theft, sabotage, loss, illegal transfer, and illegal use, to protect the safety of state and people, and to promote the development of nuclear undertakings.

**Article 2.** The materials to be controlled by these regulations are:

- (1) Uranium-235, materials and products containing U-235;
- (2) Uranium-233, materials and products containing U-233;
- (3) Plutonium-239, materials and products containing Pu-239;
- (4) Tritium, materials and products containing tritium;
- (5) Lithium-6, materials and products containing Li-6;
- (6) Other nuclear materials that have to be controlled.

Uranium ore and its primary products are not controlled by these regulations. Regulations on the control of nuclear materials already transferred to the military will be formulated by the government agencies in charge of national defense.

**Article 3.** The state is instituting a permit system for nuclear materials.

**Article 4.** Control of nuclear materials demands in essence:

- (1) Ensuring that all provisions will conform to national interests and laws;
- (2) Ensuring the safety of state and people;
- (3) Ensuring state control of nuclear materials and enabling the state to requisition all nuclear materials in case of need.

**Article 5.** All government agencies and all units must observe the present regulations when they hold, use, produce, store, transport, or dispose of nuclear materials listed in Article 2.

#### Chapter 2. Responsibility for Supervision and Management

**Article 6.** The State Nuclear Safety Bureau is responsible for supervising the safety of civilian use of nuclear materials; its main responsibilities in the control of nuclear materials are:

- (1) To draft rules and regulations for the control of nuclear materials;
- (2) To supervise the implementation of rules and regulations governing civilian use of nuclear materials;
- (3) To approve permits for nuclear materials.

**Article 7.** The Ministry of Nuclear Industry is responsible for the nationwide control of nuclear materials, its main responsibilities in the control of nuclear materials are:

- (1) To implement nuclear materials control throughout the country;
- (2) To examine, approve, and issue permits for nuclear materials;
- (3) To draft rules and regulations for the control of nuclear materials;
- (4) To establish and inspect a nationwide accounting system for nuclear materials.

**Article 8.** The Commission for Defense Science and Technology Industry is responsible for the supervision of the safety and for the approval of permits regarding nuclear materials for national defense purposes.



### Chapter 3. Nuclear Materials Control Measures

**Article 9.** Units in possession of nuclear materials up to the following limits must apply for nuclear materials permits:

- (1) A total of incoming transfers or production of uranium and uranium containing materials or products of over or equal to 0.01 effective kilograms of uranium.
- (2) Any amount of U-239 or U-239-containing materials or products.
- (3) A total of incoming transfers or production of tritium of over or equal to  $3.7 \times 10^{13}$  becquerels (1,000 curie);
- (4) A total of incoming transfers or production of over or equal to 1 kilogram of enriched lithium or materials or products containing lithium (measured by Li-6).

If quantities of incoming transfers and production are less than the above-listed figures, no permit need be applied for, but the nuclear materials must be registered with the Ministry of Nuclear Industry.

Products with nuclear materials of such small amounts as not to endanger the safety of the state or of the people need not apply for registration; kinds and quantitative limits will be determined by the Ministry of Nuclear Industry.

**Article 10.** The following procedure shall govern applications for nuclear materials permits:

- (1) Any unit applying for a nuclear materials permit must submit to the Ministry of Nuclear Industry an application form and a document of approval by its superior authority.
- (2) The Ministry of Nuclear Industry shall examine the application and transmit it for approval to the State Nuclear Safety Bureau or the Commission for Defense Science and Technology Industry.
- (3) The Ministry of Nuclear Industry shall issue the nuclear materials permit.

**Article 11.** Any unit which holds a nuclear materials permit must establish a special organization, or nominate certain persons, to be responsible for the custody of the nuclear materials; the unit must be strict in transfer procedures, establish an accounting and reporting system, and ensure that the accounts records conform with the actual materials in question.

Any unit which holds a nuclear materials permit must set up a system of measuring the nuclear material by weight and by analysis: it must use approved methods and

standards of analysis, to achieve an allowable prescribed limit of error in measuring, and must maintain a balance between nuclear materials taken in and shipped out.

**Article 12.** Any unit which holds a nuclear materials permit must, under the guidance of the local public security agency, establish a strict safety and security system as to the places where nuclear materials are produced, used, stored, and disposed of, and must adopt reliable safety precautions, strictly guarding against theft, sabotage, fire, and other accidents.

**Article 13.** When shipping nuclear materials, relevant state regulations must be observed. Units consigning nuclear materials for shipment are responsible to plan safety precautions with the agencies involved and to put precautionary measures into practice. Transport agencies, public security agencies, and other agencies concerned must closely coordinate their actions to ensure safety of the nuclear materials en route.

**Article 14.** Any unit that holds a nuclear materials permit must do to perfection all that is necessary to ensure the safety and strict secrecy as regards nuclear materials, and regarding all related documents and data. Where state regulations prescribe secrecy, security classifications must be accurately defined, instituting a system of strict secrecy, as a safeguard against careless loss, leakage, or theft of secret information.

Persons who have access to nuclear materials and to secret information involved must be investigated according to relevant state regulations.

**Article 15.** Should it be discovered that nuclear materials are stolen, damaged, lost, illegally transferred, or illegally used, the unit involved must immediately investigate the cause, recover the nuclear materials, and promptly report the event to its superior authority, to the Ministry of Nuclear Industry, to the Commission for Defense Science and Technology Industry, and to the State Nuclear Safety Bureau. Theft, damage, and loss of nuclear materials must be promptly reported to the local public security agency.

### Chapter 4. Responsibilities of Units Holding Nuclear Materials Permits and of Their Superior Authorities

**Article 16.** Units holding nuclear materials permits have the following responsibilities:

- (1) To obey all state laws, rules, and regulations;
- (2) To accept full responsibility for the nuclear materials held by them, up to the very time that the responsibility for the safety of the nuclear materials is legally transferred;
- (3) To submit to control and supervision.

**Article 17.** The superior leading authority of a unit holding a nuclear materials permit must provide necessary support, supervision, and encouragement for its subordinate unit; it must carry out inspections and also accept leadership responsibility.

#### Chapter 5. Rewards and Penalties

**Article 18.** Units or individuals who have done outstanding work in the control of nuclear materials shall be rewarded with commendations or rewards by the State Nuclear Safety Bureau, the Commission for Defense Science and Technology Industry, or by the Ministry of Nuclear Industry.

**Article 19.** In case of one of the following violations of the present regulations, the State Nuclear Safety Bureau may, according to the severity of the case, either issue a warning, or set a time limit for adjustments, impose a fine, or cancel the permit. However, cancellation of a permit requires the consent of the Ministry of Nuclear Industry.

- (1) Production, use, storage, or disposal of nuclear materials without authorization or in violation of regulations;
- (2) Failure to submit the prescribed reports or submitting false reports about events or data;
- (3) Refusal to submit to supervision or inspection;
- (4) Causing accidents due to management contrary to prescribed methods.

**Article 20.** A party that refuses to accept an administrative penalty may file suit with the people's court within 15 days from receipt of the penalty notice. However, a decision ordering cancellation of a permit must be immediately carried out. If a party does not carry out the penalty decision that was imposed upon it and also does not file suit within the time limit, the State Nuclear Safety Bureau may request the people's court for compulsory execution.

**Article 21.** If major accidents with serious consequences are caused by disobeying the nuclear materials controls or by violating rules and regulations, or in case theft, plundering, or sabotage of nuclear materials controlled by the present regulations, constitute criminal offences, prosecution shall be instituted by the judicial organs.

#### Chapter 6. Supplemental Provisions

**Article 22.** Definitions of terms used in these regulations:

- (1) The term "enriched lithium" refers to Li-6 containing isotopic atom percentages higher than natural lithium;
- (2) The term "effective kilogram of uranium" refers to uranium (including enriched uranium, natural uranium, depleted uranium) of which the effective kilogram is computed in the following way:

1) For U-235 uranium containing no less than 1 percent isotopic atom percentage, multiply the real weight, with kilogram as unit, with the square of U-235 isotopic atom percentage.

2) For U-235 uranium containing no less than 1 percent isotopic atom percentage, but more than 0.5 percent, multiply the real weight, with kilogram as unit, with 0.0001.

3) For U-235 uranium containing not over 0.5 percent isotopic atom percentage, multiply the real weight, with kilogram as unit, with 0.00005.

4) For U-233 uranium the computation of effective kilograms is the same as for U-235.

**Article 23.** Interpretation of the present regulations rests with the State Nuclear Safety Bureau; the detailed rules for the implementation of the present regulations will be formulated by the State Nuclear Safety Bureau, together with the Commission for Defense Science and Technology Industry and the Ministry of Nuclear Industry.

**Article 24.** The present regulation shall come into force on the day of their promulgation.

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#### Provisions for Labor Protection in Township and Town Enterprises

40050175e Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 pp 716-719

[Provisions for Strengthening Labor Protection Work in Township and Town Enterprises (Promulgated by the Ministry of Labor and Personnel and the Ministry of Agriculture, Animal Husbandry, and Fishery on 22 July 1987)]

[Text] **Article 1.** The present provisions have been formulated in accordance with the provisions of relevant state laws for labor protection, to ensure the safety and health of staff and workers in township and town enterprises, to prevent dangers to staff and workers, and to promote progress in production and construction.

**Article 2.** The present provisions shall apply to all township and town enterprises (including enterprises run by townships, towns, villages, cooperative enterprises jointly run by peasants, and other forms of cooperative and individually run enterprises).

Labor protection for township and town mining enterprises is governed by relevant provisions enacted by the State Council.

**Article 3.** Labor protection in township and town enterprises is administered by the government agencies in charge of enterprises, working under the guidance of the people's governments at various levels, while the government agencies in charge of labor are responsible to conduct inspections and give operational guidance.

**Article 4.** Township and town enterprises must conscientiously implement state and local legal provisions regarding labor protection, implement the policy of "safety first," and adopt effective technical and organizational measures to prevent accidents that cause injury or loss of life, and to prevent sickness among staff and workers.

**Article 5.** Leaderships in township and town enterprises are fully responsible for labor protection, for implementing a policy of "who cares for production must care for safety." Labor protection must be part of the various management responsibility systems practiced by enterprises.

**Article 6.** Government agencies in charge of township and town enterprises shall set up safety management organs or deputize particular cadres for safety management, to administer labor protection for township and town enterprises. According to the needs of production, township and town enterprises shall appoint persons for full-time or part-time safety management. Every workshop and work team shall have an employee to assist part-time the administrative leadership in labor protection.

**Article 7.** The safety management organs must implement all labor protection rules and regulations, set up studies to improve labor protection measures, determine measures for labor protection management, safe production responsibility systems, and safe working rules, organize inspection of safe production, keep accurate statistics on accidents resulting in injuries or deaths, and analyze and report on all work done.

**Article 8.** Personnel in charge of safety management in township and town enterprises must perform regular on-the-spot inspections, supervise and encourage enterprises and government agencies concerned to remove hidden dangers, and eliminate directives and operations that run counter to regulations. On meeting danger spots that endanger the lives of staff and workers, they have the right to first stop work and then report to the leadership to do the necessary.

**Article 9.** Staff and workers must strictly obey labor protection rules and regulations and all provisions for safety in production. Staff and workers have the right to refuse orders that contravene regulations. In particularly dangerous situations they have the right to stop work and to adopt emergency precautions. They have the right to criticize, report, and accuse leadership that is indifferent to the health and safety of staff and workers.

**Article 10.** Any unit that is newly building a township and town enterprise which operates with great fire and explosion risks, or creates much dust or poisonous material harmful to staff and workers, must submit an application which shall be examined and approved by the competent county agency and the government agencies in charge of labor and public safety. All safety and health protection installations must be planned, built, and operative at the same time as the main structure.

**Article 11.** Places where work is performed in township and town enterprises must conform to the following conditions:

(1) The layout of the work places must be rational, they must be well lighted, well illuminated, at all dangerous places such as pits, trenches, ponds, stairs, and elevator doors there must be safety installations and clear safety markings.

(2) Production, experiments, transportation, storage, and use of inflammable or explosive materials must conform to the conditions set forth in state rules and regulations and to state standards; explosion and fire prevention equipment must be prepared and measures taken to cope with possible emergencies.

(3) Working places that use volatile or poisonous materials or create powder or dust must have good ventilation and protective equipment.

**Article 12.** The various safety devices must be complete and effective, and a system of inspections, repairs, and maintenance shall be instituted.

Dangerous parts of all punching, sawing, and digging equipment and the exposed parts of all transmission and turning devices on machinery must have protective devices.

Electric power equipment and circuits, boilers, pressure containers, hoists, transport tools, and equipment for the transportation of materials must conform to state safety regulations. It is strictly forbidden to reuse discarded boilers or pressure containers for pressure purposes.

**Article 13.** Township and town enterprises with serious problems of dust and poison must improve working conditions within a set period of time, in the light of technological reforms. If absolutely impossible to resolve the problem, the government agency in charge of enterprises shall either close down the enterprise, suspend operations, merge it with others, or have it retooled.

**Article 14.** If township and town enterprises undertake to process or manufacture materials with serious problems of dust or poison, they must provide effective equipment for safety and health protection and take precautionary measures to ensure the safety and good health of staff and workers.



**Article 15.** Township and town enterprises that have not obtained the relevant permits for the production of boilers or pressure containers, must not manufacture boilers or pressure containers. Units that install boilers or assemble large-scale and or the three types of pressure containers must obtain approval from the government agency in charge of labor.

**Article 16.** Township and town enterprises shall set aside funds for safety technology, to be used for safety and health protecting installations and for the improvement of working conditions, and must make sure that these special funds are used for their special purposes.

**Article 17.** Township and town enterprises must provide protective articles and tools, conforming to state standards, for their staff and workers, and instruct the workers in their proper use.

**Article 18.** Township and town enterprises, as well as the government agencies in charge of these enterprises and in charge of labor affairs must conduct education and technical training in matters of safety and health protection in a well planned and well organized way.

(1) Government agencies in charge of township and town enterprises and in charge of labor must conduct education and training on safety technology among those holding responsible positions in enterprises.

(2) Township and town enterprises must conduct regular safety education among their staff and workers. Safety education for newly joining personnel must be in three stages, at the plant, workshop, and work team level. When transferring to other types of work, staff and workers must again receive corresponding education in safety technology and knowledge, and shall be allowed to start at their new posts only after after being checked and found qualified.

(3) Workers at special posts such as those working on electrical equipment, hoists, boilers, and on welding must undergo special training, and shall be permitted to work independently only after being examined and after having received a permit from an agency of county or higher rank in charge of labor (or whatever agency they may authorize).

**Article 19.** Township and town enterprises are strictly forbidden to employ youths and children under 16 years of age. Youthful workers under the age of 18, pregnant or breast-feeding staff or workers must not be employed at work with poison problems or of a harmful nature, and must also not be given physically strenuous work.

**Article 20.** Accidents at township and town enterprises resulting in injury or death of staff or workers shall be dealt with as prescribed in the State Council's "Rules for Reporting Accidents Resulting in Injury or Death of Staff or Workers." Accidents that occur at boilers or

pressure containers shall be dealt with as prescribed in the "Measures for Reporting Accidents at Boilers and Pressure Containers" issued by the Ministry of Labor and Personnel.

**Article 21.** Township and town enterprises that are in violation of labor protection rules and regulations shall be given a time limit to effect adjustments. If no adjustment is carried out within the specified time or if the deficiencies cause serious accidents resulting in injuries or deaths, the government agency in charge of labor shall impose sanctions, even up to reporting the case to the Industry and Commerce Bureau in charge and have them cancel the business license of the offending enterprise. Cases of criminal law violations shall be referred to the judicial departments for punishment according to law.

**Article 22.** All provinces, autonomous regions, centrally administered municipalities, and government agencies in charge of labor and in charge of township and town enterprises in cities which are independent plan units may, on the basis of the present provisions, formulate specific measures of implementation.

**Article 23.** Interpretation of the present provisions rests jointly with the Minister of Labor and Personnel and the Ministry of Agriculture, Animal Husbandry, and Fishery.

**Article 24.** The present provisions shall come into force on 1 October 1987.

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#### **PRC Presidential Appointments, Removals**

40050175f Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 21,  
15 Sep 87 pp 719-720

[PRC Presidential Appointments and Removals (13 August 1987)]

[Text] In accordance with the decisions of the NPC Standing Committee, the following ambassadors were appointed or removed:

1. Yu Hongliang [0060 3163 0081] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the USSR. Li Zewang [2621 0463 2598] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the USSR.

2. Wang Jinqing [3769 5660 0615] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Socialist Republic of Romania. Yu Hongliang was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Socialist Republic of Romania.



3. Pei Yuanying [5952 6678 4481] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Polish People's Republic. Wang Jinqing was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Polish People's Republic.

4. Gu Jiaji [7357 1367 7535] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the People's Democratic Republic of Ethiopia. Zhang Ruijie [1728 3843 2638] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the People's Democratic Republic of Ethiopia.

5. Zhou Mingji [0719 2494 1015] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to

the Republic of Zambia. Gu Jiaji was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Zambia.

6. Cheng Ruisheng [4453 3843 5116] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Socialist Republic of the Union of Burma. Zhou Mingji was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Socialist Republic of the Union of Burma.

7. Shi Chunlai [4258 2504 9171] was appointed concurrently Ambassador Extraordinary and Plenipotentiary to Belize.

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40050148a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 22,  
30 Sep 87

[Text] Congratulatory Message From NPC Standing Committee and the State Council on the Occasion of the 30th Anniversary of the Founding of the Diqing Tibetan Nationality Autonomous Prefecture (13 September 1987) [Not translated]

PRC Waterway Regulations (Promulgated by the State Council on 22 August 1987) [Not translated]

State Council Emergency Circular on Resolutely Stopping Unauthorized Poaching, Selling, and Smuggling of Rare Animals (15 August 1987) [Not translated]

State Council Circular on Improving Market Order and Intensifying Control Over Commodity Prices (19 August 1987) [Text: FBIS-CHI-87-167 28 Aug 87 p 10]

State Council Circular on the Approval and Transmittal of a Report on Agricultural Mechanization by the Ministry of Agriculture, Animal Husbandry, and Fisheries, the National Machinery Committee, the Ministry of Water Resources and Electric Power, and the Ministry of Forestry (28 July 1987) [Not translated]

Report on Agricultural Mechanization by the Ministry of Agriculture, Animal Husbandry, and Fisheries, the National Machinery Committee, the Ministry of Water Resources and Electric Power, and the Ministry of Forestry (23 June 1987) [Not translated]

Circular From the State Council General Office on Stopping the Purchase of Tobacco Leaf at High Prices (1 September 1987) [Not translated]

Agreement Between the Government of the PRC and the Government of the Italian Republic on the Encouragement and Mutual Protection of Investment (28 January 1985) [Not translated]

President Li Xiannian's Congratulatory Message to Ethiopian President Mengistu Haile-Mariam (11 September 1987) [Summary: FBIS-CHI-87-179 16 Sep 87 p 6]

Premier Zhao Ziyang's Congratulatory Message to Ethiopian Premier Fikre-Selassie Wogderess (11 September 1987) [Not translated]

Circular From the State Economic Commission, the Ministry of Agriculture, Animal Husbandry, and Fisheries, and the State Administration for Industry and Commerce on the Promulgation of the "Rules on the Quality Control of Industrial Products in Township Enterprises" (30 June 1987) [Not translated]

Rules on the Quality Control of Industrial Products in Township Enterprises [Not translated]

Circular From the State Education Commission and the Ministry of Labor and Personnel on the Transmittal of the "Provisional Rules on On-the-Job Training for Graduates of Institutes of Higher Learning (22 July 1987) [Not translated]

Provisional Rules on On-the-Job Training for Graduates of Institutes of Higher Learning [Not translated]

State Council Approval of Jiangsu Provincial People's Government's Request To Abolish Jiangyin County and Establish Jiangyin City (23 April 1987) [Not translated]

State Council Approval of Guangxi Zhuang Nationality Autonomous Regional People's Government's Request To Put Hepu County Under the Jurisdiction of Beihai City (21 May 1987) [Not translated]

Appointments and Removals by the PRC President (15 August 1987)

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**PRC Presidential Appointments, Removals**

40050148b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 22,  
30 Sep 87 p 751

[Appointments and Removals by the PRC President (15 August 1987)]

[Text] The following ambassadors were appointed and removed in accordance with the decisions of the NPC Standing Committee:

1. Wen Yezhan [3306 2814 3277] was appointed ambassador extraordinary and plenipotentiary of the PRC to the Democratic Republic of Korea.

Zong Kewen [1350 0344 2429] was removed from the post of ambassador extraordinary and plenipotentiary of the PRC to the Democratic Republic of Korea.

2. Wei Dong [7279 2639] was appointed ambassador extraordinary and plenipotentiary to the Democratic Republic of Madagascar.

Yang Guirong [2799 2710 2837] was removed from the post of ambassador extraordinary and plenipotentiary of the PRC to the Democratic Republic of Madagascar.

3. Wan Yongxiang [1346 3057 4382] was appointed ambassador extraordinary and plenipotentiary of the PRC to the Kingdom of Morocco.

Wei Dong [7279 2639] was removed from the post of ambassador extraordinary and plenipotentiary of the PRC to the Kingdom of Morocco.

4. Zhang Ruijie [1728 3843 2638] was appointed ambassador extraordinary and plenipotentiary of the PRC to the Democratic Socialist Republic of Sri Lanka and concurrently to the Republic of Maldives.

Zhou Shanyan [0719 0810 1693] was removed from the post of ambassador extraordinary and plenipotentiary of

the PRC to the Democratic Socialist Republic of Sri Lanka and of the Republic of Maldives.

5. Xu Mingyuan [1776 2494 6678] was appointed ambassador extraordinary and plenipotentiary of the PRC to Fiji and concurrently to the Republic of Kiribati and to the Republic of Vanuatu.

6. Wen Yezhan [3306 2814 3277] was removed from his post as ambassador extraordinary and plenipotentiary of the PRC to the Arab Republic of Egypt.

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40050149a Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 23,  
15 Oct 87

[Text] Toast by PRC Premier Zhao Ziyang at the  
National Day Reception (30 September 1987) [Text:  
FBIS-CHI-87-190 1 Oct 87 p 16]

PRC Price Control Regulations (Promulgated by the  
State Council on 11 September 1987) [Not translated]

PRC Regulations on Import, Export Customs Duty  
(Amended and Promulgated by the State Council on  
12 September 1987)

Regulations on the Protection of Electric Power Facili-  
ties (Promulgated by the State Council on 15 September  
1987) [Not translated]

Provisional Regulations on Administrative Sanctions  
Against Speculation (Promulgated by the State Council  
on 17 September 1987) [Not translated]

Rules on Logging and Reforestation (Promulgated by the  
Ministry of Forestry on 10 September 1987)

Premier Zhao Ziyang's Congratulatory Address to the  
Second Conference of the Asian Forum of Parliamentar-  
ians on Population and Development (23 September  
1987) [Summary: FBIS-CHI-87-184 23 Sep 87 p 1]

Appointments by the PRC President (28 September  
1987) [Not translated]

State Council Appointments and Removals (7 and 16  
September 1987)

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## PRC Regulations on Import, Export Customs Duty

40050149b Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 23,  
15 Oct 87 pp 763-768

[PRC Regulations on Import, Export Customs Duty  
(Promulgated by the State Council on 7 March 1985;  
amended and promulgated by the State Council on  
12 September 1987)]

### [Text] Chapter 1. General Rules

**Article 1.** The present regulations have been formulated  
to implement the policy of opening up to the outside  
world, promoting economic and trade relations with  
foreign countries, and the development of the national  
economy, based on relevant provisions of the "PRC  
Customs Law."

**Article 2.** Customs shall collect import and export duty  
on all goods which the PRC allows to be imported or  
exported, unless otherwise provided by the state, in  
accordance with the "PRC Customs Import and Export  
Tariff" (hereafter "Customs Import-Export Tariff").

The "Customs Import-Export Tariff" is an integral part  
of the present regulations.

**Article 3.** The Customs Tariff Commission, established  
by the State Council, shall have the functions of deter-  
mining the political line, policy, and principles that are  
to govern formulation or amendment of the "Customs  
Import-Export Tariff," "Customs Import-Export Duty  
Regulations," also of deliberating on draft amendments  
to the tariff, of prescribing provisional tariff rates, and of  
examining and approving any partial adjustments to  
tariff rates.

**Article 4.** Consignees of import goods and shippers of  
export goods are liable for customs duty.

Agents entrusted with customs handling procedures  
must observe all provisions of the present regulations as  
they would apply to their clients.

**Article 5.** Special measures for the collection of duty on  
articles brought in by travellers in their baggage or  
mailed by individuals will be separately formulated by  
the Customs Tariff Commission of the State Council.

### Chapter 2. The Application of Customs Tariff Rates

**Article 6.** The import duty tariff has either regular or  
minimum tariff rates. Import duty on imports from  
countries which have no trade treaty or agreement with  
the PRC for reciprocal preferential tariffs, shall be levied  
at regular rates. Import duty on imports from countries  
which have concluded trade treaties or agreements with  
the PRC for reciprocal preferential tariffs, shall be levied  
at minimum rates.

**Article 7.** No export duty is due on goods for which the  
"Customs Import-Export Tariff" does not contain a  
specific export tariff rate.

**Article 8.** Duty shall be levied on import-export goods  
according to the customs tariff rate in force on the day of  
the import or export customs declaration by the consign-  
ees, shippers, or their agents.



If customs has checked and approved a customs declaration submitted in advance of the arrival of import goods, import duty shall be levied at the rate in force on the day on which advice of arrival of the carrier in China reaches customs.

### Chapter 3: Assessment of Dutiable Value

**Article 9.** Dutiable value of import goods shall be their CIF price, as ascertained by customs as being charged in normal transactions. This CIF price includes cost price of goods, their packing charges, freight, insurance, and ancillary labor charges up to the time of discharge at their destination within PRC customs boundaries.

**Article 10.** If unable to ascertain the prices for import goods paid in actual transactions, customs shall determine dutiable value by considering CIF prices paid in actual transactions for the same or similar goods imported from the same exporting country or territory.

If still unable to determine a dutiable value according to the provision of the preceding paragraph, customs may arrive at a dutiable value by taking the wholesale price of the same or similar import goods in the domestic market and deducting import duty, other taxes at the point of importation, regular expenses for transportation, expenses for storage and business operations after importation, as well as profits.

In particular circumstances, customs itself may assess a fair dutiable value.

**Article 11.** Dutiable value for machinery, equipment, means of transport, or other goods shipped out of the country for repairs, of which notice had been filed with customs, and which are returned within the time limit set by customs, shall be regular repair charges and costs of materials and parts, as ascertained and approved by customs.

**Article 12.** Dutiable value for goods shipped out of the country for processing, of which notice had been filed with customs, and which are returned within the time limit set by customs, shall be the difference between CIF prices of the processed goods on their return compared with the CIF prices of the original goods, or equal or similar import goods at the time of their importation.

**Article 13.** Dutiable value for goods brought in on lease (including renting) shall be the normal rental for these goods, as ascertained and approved by customs.

**Article 14.** Dutiable value of export goods shall be their FOB prices for sales abroad, minus export duty, as ascertained and approved by customs.

**Article 15.** At the time of submitting customs declarations, consignees or shippers of import or export goods, or their agents, shall submit for inspection invoices that clearly show true costs, freight, insurance, and other

expenses incurred for the goods (if available, factory invoices should be appended), also bills for packing, as well as other relevant documentary evidence.

All documents mentioned in the preceding paragraph must be certified as correct by consignees or shippers of import or export goods, or by their agents.

**Article 16.** When customs assesses the dutiable value of import or export goods, consignees, shippers, or their agents, shall submit documentary evidence, such as invoices, for inspection. If necessary, customs may inspect relevant contracts, accounts records, vouchers, and relevant papers of both parties of the transaction in question, or carry out other investigations. Even after payment of duty and release of goods, customs may still check the above-mentioned documents concerning the goods it has already passed.

**Article 17.** If consignees or shippers of import or export goods, or their agents, fail to submit the various documents specified in Article 15 together with their customs declarations, duty shall be levied according to an appraisal by customs. If the documents are supplemented later, no adjustments will be allowed in the amount of duty paid.

**Article 18.** If CIF prices, FOB prices, rentals, repair charges, and costs of materials and parts are in foreign currencies, customs shall convert them to RMB according to the average buying and selling rates listed on the "Schedule of Exchange Rates of RMB Against Foreign Currencies," published by the state foreign exchange control offices on the day the duty memorandum is made out. For currencies not listed on the said "Schedule" the conversion shall be at the rate fixed by the state foreign exchange control offices.

### Chapter 4: Payment, Refund, or Recovery of Customs Duty

**Article 19.** Consignees or shippers of import or export goods, and their agents, shall pay customs duty to designated banks within 7 days (excluding Sundays and holidays) from the day following the date customs issued its duty memorandum. If payment of duty is overdue, customs shall press for payment according to law, and in addition charge a duty-arrear fine of one per mill per day of the sum in question from the time duty became due until the day duty is paid.

**Article 20.** Customs duty, duty-arrear fines, etc. shall be calculated in RMB, unless otherwise provided for.

**Article 21.** Customs shall issue receipts for duty payments, duty-arrear fines, etc. The form of the receipts will be determined by the Customs General Administration.

**Article 22.** In any of the following cases, consignees or shippers of import or export goods, or their agents, may apply to customs for refund of duty within 1 year from the date of payment of duty, giving a written explanation of reasons, and submitting the receipt of duty payment; applications of this nature will not be accepted beyond the prescribed time limit:

- (1) In case customs had by mistake overcharged customs duty.
- (2) In case customs has allowed import goods to pass without examination, and a shortage was found on unloading after payment of customs duty, provided customs has properly verified the facts and authorized the refund.
- (3) In case export goods, for which export duty was paid, were not, for some reason, actually exported, provided customs has properly verified the facts of the case.

**Article 23.** If it is found that import or export duty was undercharged or payment of duty had been evaded, customs shall claim whatever amount had rightfully been due from the consignee or shipper of the import or export goods, or their agents, within 1 year from the time of payment of duty or the release of the goods. If the shortage or evasion was caused by a violation of regulations on the part of the shipper, consignee, or their agents, the claim period shall be 3 years.

#### **Chapter 5: Procedure for Reduction and Exemption of Duty and for Customs Examination and Approval**

**Article 24.** After due examination and verification by customs, the following goods shall be exempt from duty:

- (1) Goods for which duty amounts to less than 10 yuan per invoice.
- (2) Advertising material and trade samples of no commercial value.
- (3) Gratuitous gifts from international organizations or foreign governments.
- (4) Fuel, stores, food and beverages for use en route by means of import-export transport.

If Chinese export goods are, for some reason, returned, they may be exempted from import duty if the original shipper, or his agent, applies for their importation, submitting original export documentation, subject to proper examination and verification of the facts by customs. However, originally paid export duty will not be refunded.

**Article 25.** In the following cases of importation of goods, customs shall reduce or exempt the goods from duty, depending on the following circumstances:

- (1) In case of damage or loss in transit abroad or during unloading.
- (2) In case of damage or loss due to force majeure after unloading and before release by customs.
- (3) In case of breakage, leakage, damage, or spoilage before customs inspection, verified as not caused by negligence in custody.

**Article 26.** Customs shall reduce duty, or exempt from duty, goods and articles, which are to be charged at reduced rates of duty, or which are to be exempted from duty, according to international treaties which the PRC has signed, or to which the PRC has acceded.

**Article 27.** Trade samples, exhibits, construction machinery, vehicles for engineering projects, instruments and tools for installations, cinematographic and television equipment, containers for shipment of liquids or other goods, and theatrical costumes and paraphernalia, which customs, after due inspection, has allowed to be imported or exported on a temporary basis, and which are reimported or reexported within 6 months, may be temporarily exempted from duty, if consignees or shippers provide customs with security deposits or collateral securities up to what the duty on these articles would have amounted to.

Customs may extend the time limit of 6 months, prescribed in the preceding paragraph, if circumstances warrant.

**Article 28.** In the case of raw and semiprocessed materials, supplementary materials, parts, components, accessories, and packing materials imported to enable processing, assembly, or manufacture of export goods for foreign plants or commercial enterprises, customs may waive import duty to the extent that processed goods are actually exported.

**Article 29.** Measures regarding collection of duty or exemption from duty regarding goods supplied free of charge as compensation will be separately formulated by the Customs General Administration.

**Article 30.** Goods imported into or exported from particular areas, such as special economic zones, and goods imported or exported by special enterprises, such as Chinese-foreign joint ventures, Chinese-foreign cooperative ventures, and foreign-financed enterprises, as well as other import-export goods which, according to law, shall be granted favorable treatment in the form of reduced tariff rates or exemptions from duty, shall indeed be charged duty at reduced rates or exempted from duty, in accordance with the legal provisions pertaining to these cases.

**Article 31.** If consignees or shippers, or their agents, request temporarily reduced rates or exemption from import or export duty for their imported or exported

goods, they must, before importation or exportation, apply to customs, stating their reasons in writing and attaching all necessary evidence and other needed material. After examination and verification, customs shall refer the case to the Customs General Administration, whereupon the Customs General Administration, or that administration jointly with the Ministry of Finance, shall examine the case and, if found in accordance with State Council regulations, give its approval.

#### Chapter 6: Procedures for Appeal

**Article 32.** If the person liable for duty disagrees with the classification of his goods according to the "Customs Import-Export Duty Tariff" or to the assessed value, he shall pay duty first according to the amount assessed by customs and may then file a written request for review with the customs, within 30 days from the date of the customs duty memorandum. After expiration of the said time limit, customs may refuse to accept applications for review.

**Article 33.** Customs shall decide on the application for review within 15 days from receipt of the application.

If the person liable for duty again disagrees with the review decision, he may appeal to the Customs General Administration within 15 days from receipt of the review decision.

**Article 34.** The Customs General Administration shall decide within 30 days from receipt of the appeal from the person liable for duty and issue a decision notice, which it shall ask the customs office concerned to transmit to the appellant. If transmission is not possible, the decision shall be announced by public notice.

If the person liable for duty is still dissatisfied with the decision of the Customs General Administration on his appeal, he may, within 15 days from receipt of the decision on his appeal, file suit in a people's court.

#### Chapter 7: Penalties

**Article 35.** Acts which violate the present regulations, constituting smuggling or violations of regulations concerning customs supervision and control, shall be dealt with by customs according to the provisions of the "PRC Customs Law," "Enforcement Provisions on Administrative Penalties of the PRC Customs Law," and other relevant legal provisions.

#### Chapter 8: Supplementary Provisions

**Article 36.** Customs shall grant rewards, according to regulations, to units or individuals who expose or assist in the discovery of duty evasion or smuggling in violation of the present regulations, and shall maintain secrecy in cases of this nature.

**Article 37.** Interpretation of the present regulations rests with the Customs General Administration.

**Article 38.** The present regulations shall come into force on 15 October 1987.

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#### Rules on Logging and Reforestation

40050149c Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 23,  
15 Oct 87 pp 777-782

[Administrative Measures Governing Logging of Forest Trees and Reforestation (Approved by the State Council on 25 August 1987 and promulgated by the Ministry of Forestry on 10 September 1987)]

#### [Text] Chapter 1: General Provisions

**Article 1.** To ensure a rational cutting of forest trees and immediate reforestation on cutover areas, as well restoration and expansion of forest resources, the present measures have been formulated, in accordance with the "Forestry Law of the PRC" (hereafter "Forestry Law") and other relevant legal provisions.

**Article 2.** Cutting of forest trees and reforestation shall be conducted according to a policy of "adopting a forestry plan as basis, widespread forestry conservation, energetic afforestation, adapting the rate of cutting to the rate of replanting, and enabling a continually ongoing harvesting." It also requires execution of a plan for forestry operations, imposition of quotas for tree cutting, and full assertion of the ecological, economic, and social benefits of forests.

**Article 3.** Logging and regeneration of forests and forest trees owned by the whole people or by collectives and of forest trees owned by individuals must all be conducted in observance of the present regulations.

#### Chapter 2: Cutting of Forest Trees

**Article 4.** Cutting of forest trees is either final felling, felling and raising stock for cutting, regenerative cutting, and rebuilding of low-yield forests.

**Article 5.** When applying for a felling license in accordance with Article 18 of the Forestry Law, units of state-run enterprises and industries and units of the armed forces must, in addition to submitting other necessary documents, also submit the annual timber production plan, checked and approved by the relevant department in charge. Collectives or individuals in rural areas must also submit the annual tree cutting quota,



checked and verified by the basic-level forestry station. Those who have cut trees in the preceding year must submit a certificate on satisfactory performance of afforestation that year.

**Article 6.** Tree cutting licenses shall be issued in accordance with the relevant provisions of the Forestry Law and its Enforcement Regulations. Authorization to issue tree cutting licenses must have been obtained in writing. The unit authorized to issue tree cutting licenses must be staffed with personnel who have an intimate knowledge of forestry; they must, furthermore, be supervised by the unit which issued the authorization.

State forestry bureaus and state-run tree farms shall allocate tree cutting zones to basic-level tree cutting units and issue special licenses for tree cutting in state-owned forests, according to the tree cutting licenses, tree cutting zone demarcation maps, and annual timber production plans. The form of the license shall be determined by the forestry departments of provinces, autonomous regions, and directly administered municipalities.

**Article 7.** Final felling shall be carried out in mature timber forests or forests past maturity. As to the age of main species of trees for final felling, the provisions of the "Age Schedule for Final Felling of Main Species of Timber Forest Trees" shall be followed. Ages for tree cutting in man-made forests and of species of trees not listed in the schedule shall be determined by the forestry departments of provinces, autonomous regions, and directly administered municipalities.

**Article 8.** Final felling in timber forests shall be either selective felling, clear cutting, or by successive thinning.

Selective felling shall be used in composite forests with many middle-aged trees and saplings. The intensity of selective felling must not exceed the rate of 40 percent of the stock before felling. After felling, the closeness of standing trees must be maintained at over 0.5. Because harvesting of trees can easily lead to wind-fall or death by natural rot, the intensity of selective felling must be appropriately low. The time between two periods of selective felling must not be shorter than one age grade.

Clear cutting shall be used in overmature forests of level stand and in forests with trees of different ages but few middle-aged trees and saplings. Each clear cutting shall not exceed the area of 5 hectares, but may be extended to 20 hectares in case of stands on gentle slopes of fertile soil, which can easily be reforested. Between belts and tracts of cutover areas, belts and tracts of trees shall be left standing over about the same areas as the cutover areas. These belts and tracts of forest left standing shall only be harvested after the newly planted saplings on the cutover areas are firmly established.

Overmature forests of level standing, which would easily regenerate in a natural way, shall be harvested by successive thinning. The entire process of cutting and regeneration must not exceed one age grade. Where the higher forest trees do not stand too close, and where the number of seedlings and saplings has reached regeneration standards, a second thinning may be conducted, leaving 50 percent standing at the first felling. If high trees are very close and seedlings and saplings cannot regenerate to full growth, three times thinning may be conducted, leaving 30 percent at the first felling, and 50 percent at the second felling, and the third felling shall be conducted near the saplings that come up in the regenerative process, or where they are sufficiently close.

In bamboo forests, harvesting should leave uncut at least 2,000 strong bamboo mother plants per hectare.

**Article 9.** In case of the following types of forests only tree breeding and regenerative felling shall be permitted:

(1) Forests on the ridges of hills around large reservoirs and lakes and, if on level ground, within 150 meters around them, also embankment protection forests at major canals.

(2) Forests within 150 meters on both banks of large streams and rivers or within 50 meters on the banks of main tributaries of large streams or rivers. Should there be mountain ridges within this range, the first mountain ridge shall be taken as border line.

(3) Forests within 100 meters on both sides of railway lines and 50 meters on both sides of major highways. Should there be mountain ridges within this range, the first ridge shall be taken as border line.

(4) Forests growing 150 to 200 meters below the timber line on high mountains.

(5) Forests growing on steep slopes or naked rock.

**Article 10.** Rules on the technique of regenerative tree cutting in shelter forests and forests serving special purposes, such as protective forests, mother tree forests, environmental protection forests, and scenic forests will be formulated by the Ministry of Forestry jointly with other relevant departments.

Rules on the technique of cutting trees in fuel forests and economic forests shall be formulated by the forestry departments of provinces, autonomous regions, and directly administered municipalities.

**Article 11.** Tending of forests of saplings and middle-aged trees comprises thinning-out care, nurturing to full growth, and composite care. Rebuilding low yield forests is either partial or complete rebuilding; its specific methods shall adopt the relevant techniques published by the Ministry of Forestry.



**Article 12.** State forestry bureaus and state-run or collective-run tree farms shall observe the following rules in their tree cutting operations:

(1) Tree cutting must be conducted in accordance with the tree cutting license and the plan for the particular tree cutting zone. It is not permitted to exceed the area of the tree cutting zone or leave trees that should have been cut.

(2) Felling under the selective system or by the method of successive thinning shall use the method of marking trees for cutting, first to cut sick or decaying trees, wind-falls, withered trees, and trees which impede growth of desirable species and other trees in their growth, but leaving trees of healthy growth and of high commercial value.

(3) It is necessary to control the direction of fall, have a fixed skid road, protect saplings and seedlings, mother trees, and trees that are left standing. Where natural regeneration is relied on, the rate of preservation of seedlings and saplings after felling should be over 60 percent.

(4) Felled timber which is over 2 meters long and at the short end at least 8 centimeters shall be moved out and put to use. Stumps of trees should not be higher than 10 centimeters.

(5) Anything left in the tree cutting zone after felling, including vines and shrubs, should be cleaned up by saving it up, utilizing it, burning, piling it up, or cutting it to pieces and spreading it out, always mindful of not creating ill effects for regeneration.

(6) Preventive measures should be taken regarding main skid roads that could easily lead to soil erosion.

All other tree felling operations by units or individuals shall be conducted according to the above rules.

**Article 13.** After tree cutting, every office that has issued a tree cutting license shall inspect whether operations have been performed to acceptable standards, also issue a certificate of satisfactory tree cutting operation. The form of this certificate shall be determined by the forestry departments of provinces, autonomous regions, and directly administered municipalities.

### Chapter 3: Regeneration of Forests

**Article 14.** Units or individuals who engage in forest tree cutting must perform forest regeneration in the year of felling or 1 year after felling. They shall, as a principle, combine artificial regeneration with promotion of natural regeneration by artificial means, and with natural regeneration, but shall give priority to artificial regeneration.

**Article 15.** Regeneration must be performed to the following standards:

(1) In the case of artificial regeneration, survival rate in the first year should not be below 85 percent, and after 3 years not below 80 percent.

(2) In the case of applying artificial means to promote natural regeneration, survival rates after supplemental planting or seeding should attain the same standards as with artificial regeneration. If soil is prepared before natural seeding time, the standards set in the following paragraph should be achieved.

(3) In natural regeneration, at least 3,000 saplings of healthy desirable trees, or at least 6,000 seedlings, should be left standing on each hectare of cutover area after clear cutting, and the rate of evenly distributed regeneration should not be below 60 percent. The quality of regeneration after selective felling and successive thinning shall be as specified in Paragraphs 2 and 4 of Article 8 of these Regulations.

**Article 16.** For old cutover areas that have not yet been reforested, barren hills or wasteland, also burnt-down forests, empty spaces within forests, water-logged areas, which are suitable for afforestation, forestry units should formulate plans and within set times effect regeneration and afforestation.

**Article 17.** Artificial regeneration and afforestation must carry out the relevant afforestation rules issued by the Ministry of Forestry, select the right trees for the right soil, carefully prepare the soil, select best seeds and healthy saplings, plant at proper distances, plant with great care, and give seasonal attention. In favorable places and conditions, raise fast growing high-yield trees.

**Article 18.** After completion of forest regeneration, offices which had issued tree cutting licences shall arrange for inspection of the area and check the performance of the regenerating units, and, if acceptable, issue certificates that such work was performed to acceptable standards.

### Chapter 4. Penalties

**Article 19.** Any of the following acts will be subject to penalties in accordance with the provisions of Article 34 of the Forestry Law and Article 22 of the Enforcement Regulations to the Forestry Law:

(1) Unauthorized tree felling by state-run enterprises and industrial units and by units of collective ownership without having obtained tree cutting licenses, or exceeding the timber production quota specifies in the tree cutting license by 5 or more percent.

(2) State enterprises and industrial units exceeding the area of tree cutting specified in their licenses by 5 or more percent, in disregard of approved and documented tree cutting plans.

Failure by units of collective ownership during their tree cutting operations according to the provisions of their licenses, to work to required quality standards in an area which is 5 or more percent of the approved area.

(3) Unauthorized tree felling by individuals without having obtained tree cutting licenses, or cutting in violation of quantity, area, methods, and species of trees specified in their licenses, if harvested timber was in excess of half a cubic meter.

**Article 20.** If tree theft or indiscriminate cutting of trees of considerable quantity has occurred, and the number of needed tree replacements cannot easily be established, an assessment may be made of the area involved on the basis of the amount of timber stolen or excessively cut, and in accordance with the principles of penalties contained in Article 34 of the Forestry Law, rebuilding of the forest within a set time limit over a commensurate area shall be ordered.

**Article 21.** Timber obtained by unauthorized cutting or obtained in excess of the amount specified in the tree cutting license must be deducted from next year's annual timber production plan or tree cutting quota.

**Article 22.** If state enterprises or industrial units, or units of collective ownership have committed one of the following acts, without remedying the situation within 1 month from the day of inspection, the office which has issued their tree cutting license has authority to revoke the said licence and stop further tree cutting until the situation has been remedied:

(1) Not clearing up the logging area in accordance with regulations.

(2) Leaving timber in the cutover area of a quantity of more than half a cubic meter per hectare.

(3) Neglecting protective measures on skid roads, where soil erosion may easily occur.

**Article 23.** Units or individuals who engage in logging and violate the provisions of Articles 14 and 15 of these regulations shall be dealt with in accordance with Article 38 of the Forestry Law and Article 22 of the Enforcement Regulations to the Forestry Law.

**Article 24.** In case of a violation by logging units of relevant provisions of these regulations, the local unit itself or its higher authority may impose an administrative penalty on the person mainly responsible or on the person directly responsible.

**Article 25.** Fines imposed on state enterprises or industrial units shall be paid out of their own funds or out of the budget surplus of their undertakings.

#### Chapter 5: Supplementary Provisions

**Article 26.** The Ministry of Forestry is responsible for the interpretation of the present regulations.

**Article 27.** The present regulations shall come into force on the day of their promulgation.

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**State Council Appointments, Removals**  
40050149c Beijing ZHONGHUA RENMIN  
GONGHEGUO GUOWUYUAN GONGBAO [PRC  
STATE COUNCIL BULLETIN] in Chinese No 23, 15  
Oct 87 p 784

[Text] 7 September 1987:

Hu Ping [5170 1627] was appointed vice minister of the State Economic Commission.

Fan Baojun [5400 1405 0193] was appointed vice minister of the Ministry of Civil Affairs.

16 September 1987:

Kang Jimin [1660 0370 3046] was removed from the post of PRC consul general at Constanta.

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**END OF**

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**DATE FILMED**

23 May 1988